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into
Residential Tenancies

Survey of Financial Performance of Landlords

Campbell Sharp
Pannell Kerr Forster Campbell Sharp

Research Study No. 7


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SURVEY OF FINANCIAL PERFORMANCE OF LANDLORDS

by

Campbell Sharp

Pannell Kerr Forster Campbell Sharp

Research Study No. 7

Commission of Inquiry

into Residential Tenancies

Toronto

Published by the Commission of Inquiry
into Residential Tenancies, October 1984

Printed in Canada

ISSN - 0823-4418
ISBN - 0-7743-9682-2

Copies of this report are available from
the Ontario Government Bookstore,
880 Bay Street,
Toronto, Ontario,
M7A 1N8.
Telephone: 416-965-6015; toll-free 1-800-268-7540;
area code 807, ask operator for Zenith 67200.



The views expressed in this paper are those of the author
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TABLE OF CONTENTS

	PAGES
OBJECTIVES AND SCOPE	1-2
INTRODUCTION	3-4
PARTICIPANT POPULATION - SECTION A	5-8
SUMMARY - FINDINGS - SECTION B	9-21
Financial and Operational	B-1
Economic	B-2
Demographic and Market	B-3
SUMMARY - OBSERVATIONS - SECTION C	22-40
Financial and Operational	C-1
Economic	C-2
Demographic and Market	C-3
RECOMMENDATION - EXPANDED SURVEY - SECTION D	41-46
APPENDICES	47

I Financial and Data Analysis

II Demographic and Market Analysis

III History of Relevant Tax Legislation

IV Comments

OBJECTIVES AND SCOPE

OBJECTIVES

According to the terms of reference, the overall emphasis of the study is to provide practical, meaningful interpretations of financial and qualitative conditions in the residential rental real estate sector in Ontario; the specific requirements are as follows:

1. Comparison of the profitability of the landlords selected before and subsequent to the implementation of rent review with trends in alternative investment opportunities.

2. Examination of the correlation between the financial losses as calculated for rent review purposes and the financial results reported by the landlords for accounting purposes.

3. Determination of the effects of Ontario's rent review system on various expenditures of the landlords for, among other things, repairs, maintenance and energy.

4. Identification of inconsistencies between the financial information required by the Residential Tenancy Commission and generally accepted accounting principles as they relate to the real estate industry, and an analysis of the implications of such inconsistencies.

5. Assessment of the feasibility of conducting a cost-effective, meaningful survey of a larger sample of landlords and the determination of an economic survey methodology to be used to evaluate the impact of rent review on landlords' profitability.

GENERAL SCOPE

Specific areas of analysis and products resulting from the Survey of Financial Performance of Landlords include the following:

1. Financial analysis of the performance of each landlord in accordance with generally accepted accounting principles as they relate to the financial loss as reported for rent review purposes.

SCOPE (Continued)

2. An analysis of the effect of rent review on the profitability of each landlord as reported in accordance with generally accepted accounting principles.

3. An analysis of the effect of rent review on specific expenditures of the landlord, including those for repairs, maintenance and energy conservation.

4. An analysis of directly and indirectly related factors that would have a beneficial or detrimental effect on the profitability of landlords, including changes in regulations regarding income tax and other taxes, interest rates, effects of increases in the number of condominium units in the market place, and other related market factors.

5. An analysis of residential occupancy rates in the geographical areas selected and the availability of residential rental units in those areas for the period before and subsequent to the implementation of rent review.

6. An analysis of the differences in generally accepted accounting principles as they relate to the real estate industry and the Residential Tenancy Commission's Cost Revenue Statements.

7. A recommendation as to the type of data that would be needed for a larger survey together with an estimate of the necessary sample size and the related costs.

SCOPE LIMITATION

All data and analysis contained in this study was collected and analyzed to January 27, 1984 (see page 8). Significant events or legislation (if any) effecting residential rent review practice or procedures, financial and operational results of the landlords sampled, economic, demographic and market conditions, and income tax law, subsequent to that date have not been addressed.

INTRODUCTION

As a contributing element to the Commission of Inquiry into Residential Tenancies, this study has reviewed the financial performance of eight residential rental properties in Ontario and the comments offered by a variety of interested and knowledgeable third parties.

Two of the landlords (who owned three of the properties) were selected on the basis of their willingness to participate from a list of approximately 110 potential participants provided by the Commission. Many were disqualified as not meeting basic criteria, such as having separately identifiable financial statements for the residential property and having a history of operations of at least eight years with at least three years of operation before the introduction of rent review.

The balance of the properties (five) were selected, using the same criteria, on a random basis, from the client or associate contact group of the study team. The client and associate contact group comprised several medium - to larger-sized landlords, who provided a variety of properties to the study team; from these properties five participants were selected according to the above noted criteria, with emphasis on expanding the geographical base of the study.

The eight properties thus selected comprised 943 units, an average of 118 units per property. Vacancy statistics are not maintained by all landlords, but it was stated by most participants that vacancies were generally in line with reported provincial averages.

Because of the small size of the test group, observations can only be drawn for the group and individual properties within it. Although the properties are located within four separately identifiable geographic regions, no conclusions can be drawn with respect to the state of the industry within each region, between or among regions, or for the province. The 943 units in the sample constitute less than 1/10 of 1% of the total number of rental units in Ontario.

Definitive data were not readily available on the characteristics of all rental properties within the province; therefore the representativeness of the eight properties is not known, although it can be safely concluded that they are not statistically representative of the provincial situation. The average of the financial results reported may or may not be similar to provincial averages.

In addition to an analysis of the financial data of the participants, a review was undertaken of significant market, demographic and taxation factors that may have influenced the financial performance of the eight properties at some time or in some manner during the period studied. Observations and findings on these matters are included in the report.

A comparison was carried out of accounting treatment within, on one hand, the rent review system as expressed through the format of Cost Revenue Statements and, on the other, the accounting treatment embodied within generally accepted accounting principles (G.A.A.P.). A reporting of the results, essentially on an exception basis, is included in the report. Examples of inconsistencies have been selected from the documented experience of the test group as well as from a comparison of G.A.A.P. with the Guide to the Cost Revenue Statement on a theoretical basis.

A variety of sector participants, knowledgeable observers and individuals providing service to the residential rental real estate sector were contacted to elicit information and opinions on the state of the industry. A broad perspective of the "tenant's view" was provided by a Toronto lawyer who is noted for his experience and familiarity with the rent review process through frequent representation of tenants and tenant associations and who, as an advocate of their position, provided the study team with comments and insight into the effects of the review process on the individual tenant. Comments representing the "landlord's view" were received from lawyers; real estate developers; owners and brokers; institutional lenders; and property managers. We also conducted an interview with the Director of Planning of Central Mortgage and Housing Corporation. Pertinent comments are included as an appendix.

Both the scope of the study as described within the Terms of Reference provided by the Commission and the methodology adopted placed limitations on the literature review and the interviews of knowledgeable individuals. However, it is our opinion that sufficient information relative to the issues was collected to satisfy the study requirements and to supplement the study team's prior knowledge of financial and operational factors within the real estate industry in general and the residential rental sector specifically. A more detailed search and review of information pertinent to the issues surrounding the rent review concept and system would have exceeded the intended scope and bordered on duplication of the Thom Commission's mandate.

The question of the feasibility and utility of a statistically representative survey has been addressed in our recommendation (Section D).

SECTION A

PARTICIPANT POPULATION

A.1 Overview of Participant Selection Process

The criteria used for selecting participants as discussed with the Commission of Inquiry into Residential Tenancies (the Commission) were the following:

i) the participant must be a landlord operating a residential rental building with no less than three units;

ii) the participant must have financial statements for his property, preferably prepared in accordance with generally accepted accounting principles;

iii) the participant must have a history of operation of no less than eight years and preferably ten years or longer; the operational period must encompass years before and after the introduction of rent review legislation.

On the basis of these criteria, we approached landlords and associations whose names and addresses had been provided by the Commission as a sample.

In the first phase of this process, 75% of the sample replied that they were interested in participating in the survey in some capacity, but only two properties could satisfy the minimum criteria by our deadline.

A second sample was provided by the Commission at the end of November. The results of this second phase were also poor: only one participant was forthcoming.

As a final resort, and after discussions with the Commission, business associates of Pannell Kerr Forster Campbell Sharp were approached in early January 1984, and five properties were selected to complement the previous sample of three. Consequently, as of January 21, 1984, the total number of properties in the survey was eight. This represents an overall success rate of approximately 7%.

SECTION A

PARTICIPANT POPULATION

A.2 Chronology of Selection of Participants

PHASE I - SELECTION OF PARTICIPANTS

- startup first week of November 1983 (to last week of November)
- sample consisted of 35 individuals and associations who had submitted briefs to the Commission
  - total contacts = 24
    - interested in participating in some capacity = 18 (75%)
    - not interested = 3 (13%)
    - not applicable = 3 (13%)
  - not available = 11 (not at home; unlisted; number no longer in service)
  - total number selected for participation = 2 (properties A and B)

PHASE II - SELECTION OF PARTICIPANTS

- startup last week of November 1983 (to December 21, 1983)
- sample consisted of 75 individuals and associations who had submitted letters to the Ministry of Consumer and Commercial Relations, expressing interest in various aspects of the rent review process
  - total contacts = 43
    - interested in participating in some capacity = 31 (72%)
    - not interested = 12 (28%)
  - not available = 32 (not at home; unlisted; number no longer in service)
  - total number selected for participation = 1 (property C)

PHASE III - SELECTION OF PARTICIPANTS

- startup first week of January 1984 (to last week of January)
- sample consisted of four client contacts and business associates of Campbell Sharp and Pannell Kerr Forster Campbell Sharp
- interested in participating = 4 (100%)
- total number of properties selected for participation = 5 (properties D, E, F, G, H)

SECTION A

PARTICIPANT POPULATION

A.3 Reasons for Non-Participation

The largest contributing factor to the poor success rate was the high number of landlords who could not be contacted owing to change of address, unlisted number, number no longer in service or not at home (after three callbacks). This element constituted approximately 36% of the total sample.

Of the people who were contacted, ineligibility for the survey was predominately due to one or more of the following reasons:

1. Small size of the operation (36% of total responses).
2. Age of the operation (36% of total responses).
3. Inability to provide adequate financial statements (40% of total responses).
4. Unwillingness to disclose financial statements (4% of total responses).

Other reasons included sale of property and lack of preparation time.

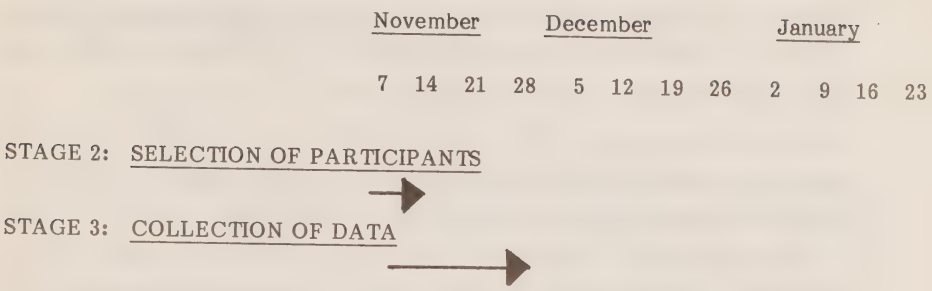
The large proportion of landlords who could not be contacted after successive callbacks over a three-week period is probably indicative of a population of small landlords who operate ten or fewer units but are employed full-time in some other capacity (i.e. rental units are not a primary source of income). This general conclusion is made only because it was true of a large proportion of people who were finally reached through successive callbacks. Consequently, as a reason for ineligibility, it would probably be fair to say that "size of operation" was more important than any other criterion.

SECTION A

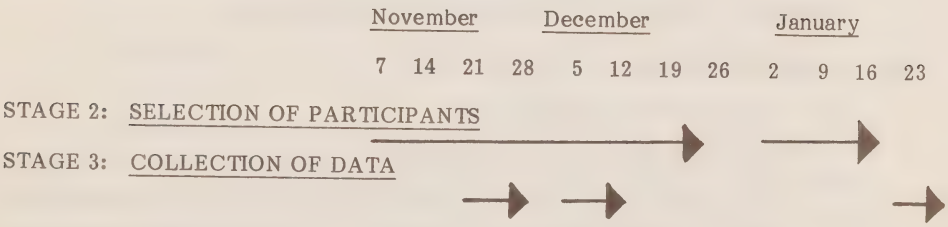
PARTICIPANT POPULATION

A.4 Organization of Project

Proposed Organization of Project



Actual Organization of Project



SECTION B

FINDINGS

B.1 FINANCIAL AND OPERATIONAL (Appendix I, Schedules 1 and 2)

Commentary

The following is an overview of the financial data, on the participants, averaged per unit, on a historical cost basis and on an inflation-adjusted basis. These two methods of analysis were deemed appropriate for the following overview since they clearly represent two distinct perspectives.

In view of the fact that rent review legislation was introduced in 1975, the period 1970 through 1975 has been designated as the pre-rent review period, the period 1976 through 1983 as the post-rent review period. The period 1975 to 1976 was considered, for purposes of this study, to be a time of adjustment, i.e., the period in which landlords were adjusting to the rent review process. It was therefore necessary, to enhance both comparability and to minimize distortions, to exclude this period from analysis as some participants in the study were affected by rent review in this period and others were not.

B.1.1 Revenue (Rental Income Plus Recoveries)

(i) **Per Unit Basis - Historical Cost**

On a per unit basis, revenue rose from $1,545 per annum to $3,386 per annum during the period 1970 through 1983. In terms of percentages per year, the noted increase was a gradual one over the period under review. There were no significant aberrations in these percentile increases as a result of the introduction of rent review legislation. However, it should be noted that the increases did become much more consistent in the post-rent review legislation period (1976 - 1983). Before the introduction of rent review, annual variations were larger.

(ii) **Per Unit Basis - Adjusted for Inflation**

On a per unit basis, real revenue increased by approximately 4% from 1970 through 1975 ($1,590 to $1,649).

After the introduction of rent review legislation, on a per unit basis, real revenue declined by approximately 18% from 1976 through 1982 ($1,675 to $1,375). The decline from 1976 through 1983 was 25% ($1,675 to $1,220).

B.1.2 Direct Property Operating Expenses

(i) Combined - Historical Cost

Realty Taxes

As a percentage of total revenue, this expense showed a marked and relatively consistent decline in the period preceding the introduction of rent review legislation. In the period 1976 through 1980 this expense claimed a larger proportion of the rental income dollar. After 1980, although the total amount spent was still high, this share of the revenue dollar decreased to the levels of 1974.

Utilities

Utility costs showed an increase, as a percentage of revenue, for the period 1970 through 1975 (7.69% to 10.66%); in the 1976 through 1983 period these costs increased from 12.38% to 15.08% a small increase but virtually doubled compared to 1970 levels. In the 1982 and 1983 period utility expenses, as a percentage of revenue held at the levels experienced in 1981.

Wages and Employee Benefits

Employees' wages and benefits as a percentage of revenue fluctuated somewhat but overall increased fairly consistently over the fourteen-year period, with the exception of 1974, where the increase was approximately 50% over the preceding year. No significant relationship was found between this expense and the introduction of rent review.

B.1.2 Direct Property Operating Expenses (Continued)

(i) Combined Historical Cost (Continued)

Repairs and Maintenance

This expense, as a percentage of revenue, excluding the 1983 year, remained at a reasonably constant level throughout the fourteen-year period. There was a minor decline for the two years immediately after the introduction of rent review; however, costs returned to normal levels in 1978.

Insurance and Management Fee

For the most part, neither of these expenses, as a percentage of revenue is significant and they had only a minor effect on the profitability of all landlords.

(ii) Per Unit Basis - Adjusted for Inflation

On a per unit basis, total direct property operating expenses in real dollars increased from $671 in 1970 to $760 in 1975, a period increase of approximately 13%. For the period 1976 through 1982, these expenses decreased from $797 in 1976 to $733 in 1982, a decline of approximately 8%. For the period 1976 through 1983, the expenses decreased approximately 10% ($797 in 1976 to $714 in 1983).

The aggregate expense increases in the post-rent review period are accounted for in two categories - utilities, repairs and maintenance. Real-dollar cost savings were evident in realty taxes, wages and management fees.

B.1.3 Administrative and General Expenses

(i) **Combined - Historical Cost**

This entire expense category had only two significant increases, professional fees and bad debt expense; neither expense increased consistently. There is no evident correlation between these expense increases and rent review legislation, and in any event the actual amount of the increases was not material.

(ii) **Per Unit Basis - Adjusted for Inflation**

The real dollars spent per rental unit in this expense category remained virtually unchanged and, as previously noted, in aggregate, it does not significantly affect earnings before interest and depreciation.

B.1.4 Earnings before Interest and Depreciation

Commentary - Depreciation and Interest Charges

There is a variety of methods used to provide for depreciation on real estate residential properties. While all methods are generally accepted, a meaningful comparison of the profitability of numerous properties must exclude depreciation, since the application of several different methods leads to several different dollar amounts whose inter-relationships and relationship to rental revenues are not comparable.

The situation with regard to debt service costs is identical to depreciation - the number of methods that are available and that are used in financing a property are numerous - and again do not provide a framework for meaningful comparison.

As a consequence of the foregoing and to facilitate valuation analysis, it has been deemed advisable to address the earnings amount before the deduction of these two expenditures.

B.1.4 Earnings before Interest and Depreciation (Continued)

(i) Combined - Historical Cost

In comparing earnings before interest and depreciation, as a percentage of revenue, the trend indicates that, although revenue did increase over the fourteen-year period, it did not increase enough to offset increased expenditures, particularly direct property expenses.

Earnings before interest and depreciation, as a percentage of revenue, decreased from 55.79% in 1970 to 51.52% in 1975, a decline of 7.65%. For the period 1976 to 1983 this ratio decreased from 49.86% to 38.35%, an additional decline of approximately 23.09%.

The effect of the increased percentage share of expenses of the revenue dollar on the ratio of earnings to revenue, before and after rent review, may be summarized as follows:

	*Percentage of Revenue		*Percentage of Revenue	
	1970	1975	1976	1983
Direct property operating expenses	42.20	46.07	47.57	58.49
Administrative and general expenses	2.01	2.40	2.56	3.16
	44.21	48.47	50.13	61.65
Rental revenue	100.00	100.00	100.00	100.00
Earnings before interest and depreciation	55.79	51.52	49.86	38.35

*Rounding errors may be present

B.1.4 Earnings before Interest and Depreciation (Continued)

(ii) Per Unit Basis - Adjusted for Inflation

In comparing earnings before interest and depreciation in terms of 1971 dollars, the trend is reversed from the historical cost data, but the net effect is the same: earnings declined. In this case the cause is that, although real expenditures declined, they did not decline to the extent of revenue.

On a per unit basis earnings decreased 4.3% from 1970 through 1975 ($887 to $849). On a per unit basis earnings decreased approximately 44% from 1976 through 1983 ($835 to $468).

The effect of the larger decline of revenue on a per unit basis as related to the smaller decline in expenditures, before and after rent review legislation, may be summarized as follows:

	*Per Unit 1971 Dollars		*Per Unit 1971 Dollars	
	1970	1975	1976	1983
Direct property operating expenses	671	760	797	714
Administrative and general expenses	32	40	43	39
	703	800	840	753
Revenue	1,590	1,649	1,675	1,220
Earnings before interest and depreciation	887	849	835	468

* Rounding errors may be present.

SECTION B

FINDINGS

FINANCIAL AND OPERATIONAL (Continued)

B.1.5 Cost Revenue Information (Appendix I, Schedules 15, 16 and 17)

Commentary

The following is an overview of findings related to the preparation, use and submission of revenue and cost information to rent review officers in their determination of allowable rent increases to tenants.

The findings were a result of a review and comparison of Cost Revenue Statements submitted by participants, decisions by officers of the Residential Tenancy Commission, including appeal decisions, and comments received from tenant and landlord representatives.

B.1.6 Cost Revenue Statement - Comparison to Generally Accepted Accounting Principles

The Cost Revenue Statement differs from generally accepted accounting principles (G.A.A.P.) in the following areas:

(a) Consistency and Comparability

Cost Revenue Statements for the same property are not consistent as a result of various rent review officers' interpretations of the principles to be followed, contained in the Guide to the Cost Revenue Statement (Guide). Consistency and comparability are two fundamental tenets of G.A.A.P.

(b) Annual Reporting Periods and Projections

The Guide allows for different reporting periods, as well as the inclusion of projected data.

SECTION B

FINDINGS

FINANCIAL AND OPERATIONAL (Continued)

B.1.6. (Continued)

(c) Operating Costs - Differences From G.A.A.P.

(i) Realty tax arrears and penalties are a non-allowable expense.

(ii) Management and administrative are largely restricted to 5% of aggregate revenue.

(iii) Repairs and maintenance expense versus capital expenditure categorizations and definitions conflict to a degree with G.A.A.P. The latter provides for much broader practical applications.

(iv) Depreciation and income taxes are not recognized in the Guide.

(v) Debt service costs incurred may only be expensed if they meet numerous criteria.

B.1.7 Correlation between Financial Loss and Actual Financial Performance of Landlords

Our findings related to this topic are as follows:

i) Financial loss for purposes of rent review are calculated, using as a base all information contained in the Cost Revenue Statement, as outlined above.

ii) Debt service costs are factored into the information included in (i) and include principal as well as interest payments.

iii) There are a number of ways of determining the actual financial performance of landlords, including G.A.A.P., inflation-adjusted G.A.A.P. and inflation-adjusted G.A.A.P. plus a recognition of increases in market value of properties over inflation adjusted cost.

A commentary on the above-noted differences from G.A.A.P. and correlation between G.A.A.P. and the Cost Revenue Statement in the context of rent review legislation versus actual financial performance of landlords is contained in Section C.

SECTION B

FINDINGS

B.2. ECONOMIC

B.2.1 For the test group, or sample, of residential rental properties examined, return on investment (earnings before debt service and depreciation expressed as a percentage of undepreciated original asset cost) was approximately 9% during the early 1970's (see schedule B.II). This increased to approximately 9.5% in the 1976 to 1978 period and escalated from 10.25% to 11.90% during the 1979 to 1983 period. While showing steady improvement, this measure suffers as a useful indicator of return on investment from a failure to recognize the significant implications of inflation over the study period, during which the purchasing power of the dollar (as measured through the C.P.I.) decreased.

A more appropriate method of measuring R.O.I. in relation to assets (expressed at their original cost) is to eliminate the inflation from earnings. Thus, the R.O.I. of earnings adjusted for inflation before debt service and depreciation on undepreciated original asset cost was as follows:

1970 - 9.2%

1975 - 6.4%

1976 - 6.3%

1983 - 4.3%

B.2.2 Interviews with knowledgeable investors and brokers in residential rental property have indicated that sales of such properties over the study period have been at values that reflect earnings capitalization rates ranging from 7% to 11%. The most frequent rate during the period was 9% and was the prevalent rate in the mid-1970's, during late 1982 and throughout 1983. Accordingly, the study team selected 9% as the most appropriate rate and applied this rate to earnings before debt service and depreciation on a per unit basis in order to arrive at an estimate of market value, which shows the following trend in the selected years:

SECTION B

FINDINGS

ECONOMIC (Continued)

B.2.2 (Continued)

Year	Per Unit Estimated Market Value	Average Annual Compound Percentage Increase
1970	$ 9,578	Not applicable
1975	13,078	6.4%
1976	13,811	6.4%
*1983	14,422	3.2%

B.2.3 When adjusted for inflation each year (using the Consumer Price Index), the adjusted per unit historical cost appears as follows, compared to the calculated market value:

Year	Per Unit Estimated Market Value	Per Unit Inflation Adjusted Historical Cost	Shortfall Estimated Market Value
1970	$ 9,578	$ 9,951	3.7%
1971	10,644	11,579	8.1%
1972	11,100	12,032	7.7%
1973	11,656	13,182	11.6%
1974	12,778	16,245	21.3%
1975	13,078	17,852	26.7%
1976	13,811	19,210	28.1%
1977	14,000	20,744	32.5%
1978	14,367	22,614	36.5%
1979	15,278	24,788	38.4%
1980	16,411	27,402	40.1%
1981	17,300	30,098	42.5%
1982	17,822	34,199	47.9%
*1983	14,422	29,916	51.8%

*In this year a property with above average earnings before interest and depreciation was sold and accordingly the estimated market value declined.

B.2.3 (Continued)

It is evident that the progression in estimated market value has been progressively less than the estimated replacement cost throughout the study period.

A significant shortfall is noted as early as 1974 and an acceleration of the shortfall through to 1983.

B.2.4 The average capital cost per unit in the sample approximated $11,500 when expressed as an average of the recorded original cost from 1970 through 1975. By comparison to the 1983 estimated market value per unit of $14,400, the $2,900 unrealized capital appreciation represents a 1.7% annual compound rate of growth in capital value.

A review of available data on per unit selling prices circa 1981/82 from within the sample shows a close correlation between actual net sales proceeds per unit and the estimated market value noted above (Schedule B VI).

B.2.5 A review of estimated average per unit development cost as reported by owners, developers and real estate brokers indicates an average 1982 cost per unit of $36,000 in Metropolitan Toronto. (Note that land costs in premium locations and economies of size can cause the average cost to exceed $45,000 per unit for modest apartments of the type within the test group).

The estimated 1982 inflation-adjusted cost per unit in the sample (based on original cost inflated in accordance with the CPI) averaged $34,200 per unit.

When the $34,000 average inflation-adjusted cost and 1982 operating costs are used the required rent would be as follows:

B.2.5 (Continued)

	Capitalization Rate		
	7%	9%	11%
Operating expenses - per sample	$1,925	$1,925	$1,925
Administration and general - per sample	82	82	82
Return on asset cost	2,380	3,060	3,740
	$4,387	$5,067	$5,747

The range of required rents of $4,387, $5,067 and $5,747 are respectively 21.5%, 40.4% and 59.2% greater than the $3,610 rent actually received by the sample in 1982.

Note: Complete 1983 data were not available at the time of writing on 1983 average development costs per unit; therefore the above example uses 1982 data.

SECTION B

FINDINGS

B.3 DEMOGRAPHIC AND MARKET

B.3.1 Mississauga and Oshawa are examples of relatively young cities with relatively young populations, a high incidence of families and high household income. The availability of land has allowed residential development to be expansive in these communities in order to meet increasing demands for accommodation. Rental accommodation, however, and specifically apartments, have been less popular than privately owned dwellings. Alternative forms of accommodation, such as row housing and condominiums, have also somewhat weakened the demand for apartments. Nevertheless, the continuation of low apartment vacancy rates demonstrates that the growth in population has resulted in an apartment rental market that has not been satisfied.

B.3.2 Similarly, low apartment vacancies are evident in the cities of Toronto and Ottawa, which exhibit some marked demographic differences from the cities of Mississauga and Oshawa. Toronto and Ottawa are examples of relatively old cities that are characterized by a dichotomy of young and old populations, smaller households and more residential development, which consists of infilling rather than expansion. Rental accommodation has played a major role in catering to the requirement of this market, but apartment housing in these two cities has grown to a lesser degree than other types of rental housing.

SECTION C

OBSERVATIONS

The limitations in the scope of the survey and the fact that it is not statistically representative make it impossible to draw definitive conclusions from the results obtained. The following observations are believed to be valid in light of the results of the pilot study but may or may not be borne out by examination of a larger sample.

C.1 FINANCIAL AND OPERATIONAL

The following observations have been drawn from the overview of findings presented in the preceding pages and from other relevant general data and market data collected.

C.1.1 Landlords' Profitability

Commentary

The following comments relate to landlords' operational profitability, expressed in accordance with generally accepted accounting principles before interest and depreciation. Operational profitability does not include unrealized capital gains earned on the estimated market value of the property; this factor is addressed in the section on economic observations.

C.1.2 Landlords' Profitability - before Rent Review

In the pre-rent review period, landlords, on a historical absolute dollar basis, appeared to be increasing their per unit profitability. In actual fact, profitability (before interest and depreciation) as a percentage of revenue was declining. This decline appears to be the result of a failure to increase revenues enough to offset double-digit inflation, which commenced in earnest in 1974 and continued at high levels in 1975. It is arguable, since most leases contained in the properties selected are of the one or two-year variety and expired at various times (some before rent review legislation, some after), that landlords were unable to anticipate and react quickly enough to the high inflation levels or were unable to raise the rents until the leases expired.

SECTION C

OBSERVATIONS

FINANCIAL AND OPERATIONAL (Continued)

C.1.2 Landlords' Profitability - before Rent Review

On a per unit inflation-adjusted basis, the above observations are apparently supported. Landlords' profitability was already in a decline on both a percentage of revenue basis and on an earnings dollar per unit basis.

The only identifiable, uncontrollable market condition in this period (excluding inflation), that affected profitability significantly was the increase in utility costs.

C.1.3 Landlords' Profitability - During Rent Review

As outlined above, profitability was already in decline at the date of imposition of the legislation. The introduction of rent review legislation appears to have accelerated the decline.

On a historical dollar basis, profitability increased subsequent to 1975. However, owing to the mechanics of the rent review cost pass-through procedure, mathematically the share of expenses to revenue must increase on a percentage basis, thereby reducing profit margins.

An explanatory example:

> If one unit rents for $3,000 in year one and expenses are $2,000, the profit margin is 33 1/3% ($1,000/$3,000); if in year two the landlord passes through anticipated cost increases of $500, the profit may be calculated at ($3,000 + $500) - ($2,000 + $500) = $1,000, but the profitability margin is now 28.6% ($3,500/$1,000). In theory, therefore, expenses will eventually approach 100% of rental revenue.

On a per unit, inflation-adjusted basis, another phenomenon was observed, namely, that rental revenue per unit, in real dollars, decreased. Rent increases have obviously not, for whatever reason, kept pace with inflation.

C.1.3 Landlords' Profitability - During Rent Review (Continued)

From another perspective, a perusal of the explanatory example above demonstrates that, under rent review legislation, landlords will in theory maintain the year one absolute dollar profit level. Accordingly, in future years, although this dollar level may have been maintained, its real value will have significantly decreased, assuming that inflationary pressures continue.

C.1.4 Cost Revenue Information

Commentary

The following observations are based on the study findings, participating landlords' financial and cost revenue statements and comments, interviews with third parties and the study team's collective experience.

C.1.5 Cost Revenue Statement - Comparison to Generally Accepted Accounting Principles

In light of our findings, outlined in the preceding section, we conclude that the Cost Revenue Statement does not compare with generally accepted accounting principles (G.A.A.P.). The Cost Revenue Statement is based on a mixture of principles that include, among others, the following:

i) G.A.A.P. - for revenue.

ii) Cash - for depreciation, bad debt provisions and some expense accruals.

SECTION C

OBSERVATIONS

FINANCIAL AND OPERATIONAL (Continued)

C.1.5 (Continued)

iii) Forecasts - for some expense items in extraordinary circumstances.

iv) Restrictions - for expenses either not allowed or limited.

v) Judgement - exercised by rent review officers.

As a consequence of the above, landlords and tenants and their professional advisers are often confused about the meaning, application, and preparation of the Cost Revenue Statement.

C.1.6 Correlation between Financial Loss and Actual Financial Performance of Landlords

In normal industry circumstances, the "actual" financial performance of a landlord would be determined in accordance with generally accepted accounting principles. If, however, emphasis were to be placed on the word "actual", the above determination would serve only as a starting point and adjustments would be necessary, including provision for going-concern concepts, asset realization and inflationary factors.

The financial loss determination made by the Residential Tenancy Commission is based largely on the Cost Revenue Statement, which in turn is based upon a variety of concepts and factors.

SECTION C

OBSERVATIONS

FINANCIAL AND OPERATIONAL (Continued)

C.1.6 (Continued)

The financial loss as calculated for rent review purposes would appear to exclude those items that may be subject to a variety of judgemental decisions by landlords, although they are acceptable under G.A.A.P. (e.g., depreciation rates and methods, management fees and income taxes) and to restrict certain other expenses for reasons that are not completely clear (e.g., realty tax penalties and arrears and debt service costs). The resultant calculated loss is then adjusted, in some cases, for principal debt payments (as opposed to interest expense) and forecast information. The purported result of the foregoing is the financial loss suffered by the landlord.

Direct majority owners, minority shareholders, trustees and long-term lenders would, on the other hand, in calculating financial loss, commence with the G.A.A.P. loss amount and then adjust for significant inflationary factors, unrealized market gains and going-concern factors in their determination of financial loss.

The study team attempted to develop a correlation between "actual" financial performance of landlords based on G.A.A.P. and financial loss as calculated for purposes of rent review. There does not appear to be any ready correlation because of the divergent methods of calculations referred to above, unless one simply removes all exclusions and restrictions in the Cost Revenue Statement to bring the statement to G.A.A.P. status, and then proceeds with the adjustments previously noted.

SCHEDULE OF SIGNIFICANT OPERATING INDICATORS

PER RENTAL UNIT FOR ALL YEARS

SCHEDULE B - I

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	Average Annual Compound Percentage Growth (Decline) 1970-1983	1970-1975	1976-1983	Total Percentage Growth (Decline) 1970-1983	1970-1975	1976-1983
Inflation Index (C.P.I.)	97.2	100	104.8	112.7	125	138.5	148.9	160.8	175.2	191.2	210.6	236.9	262.4	277.5	8.4%	8.2%	9.3%	177.5%	38.5%	128.6%
Actual Revenue	$1,545	$1,722	$1,796	$1,912	$2,204	$2,283	$2,493	$2,700	$2,876	$3,049	$3,216	$3,400	$3,610	$3,386	6.2%	8.1%	4.5%	119.2%	47.8%	35.8%
Inflation Adjusted Revenue	$1,590	$1,722	$1,714	$1,697	$1,763	$1,649	$1,675	$1,679	$1,641	$1,595	$1,527	$1,435	$1,375	$1,220	-2.0%	0.7%	-4.4%	-23.3%	0.4%	-27.2%
Actual Operating Expenses	$652	$730	$754	$821	$996	$1,052	$1,186	$1,362	$1,501	$1,578	$1,653	$1,745	$1,925	$1,980						
Inflation Adjusted Operating Expenses	$671	$730	$720	$728	$797	$760	$797	$847	$856	$825	$785	$737	$733	$714						
Actual Earnings B.I.D.*	$862	$958	$999	$1,049	$1,150	$1,177	$1,243	$1,260	$1,293	$1,375	$1,477	$1,557	$1,684	$1,298	3.2%	6.4%	0.6%	50.6%	36.5%	4.4%
-as % of actual revenue	55.8%	55.6%	55.6%	54.9%	52.2%	51.6%	49.9%	46.7%	45.0%	45.1%	45.9%	45.8%	44.4%	38.3%						
Inflation Adjusted Earnings	$887	$958	$954	$930	$920	$849	$835	$784	$738	$719	$702	$657	$611	$468	-4.8%	-0.9%	7.9%	-47.2%	-4.3%	-44.0%
-as a % of inflation adjusted earnings	55.8%	55.6%	55.7%	54.8%	52.2%	51.5%	49.9%	46.7%	45.0%	45.1%	46.0%	45.8%	44.4%	38.4%						
Capitalization Rate	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%						
Estimated Market Value	$12,314	$13,686	$14,271	$14,986	$16,429	$16,814	$17,757	$18,000	$18,471	$19,643	$21,100	$22,243	$22,914	$18,543						
Capitalization Rate	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%						
Estimated Market Value	$9,578	$10,644	$11,100	$11,656	$12,778	$13,078	$13,811	$14,000	$14,367	$15,278	$16,411	$17,300	$17,822	$14,422						
Capitalization Rate	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%						
Estimated Market Value	$7,836	$8,709	$9,082	$9,536	$10,455	$10,700	$11,300	$11,455	$11,755	$12,500	$13,427	$14,155	$14,582	$11,800						

*Before interest (debt service) and depreciation

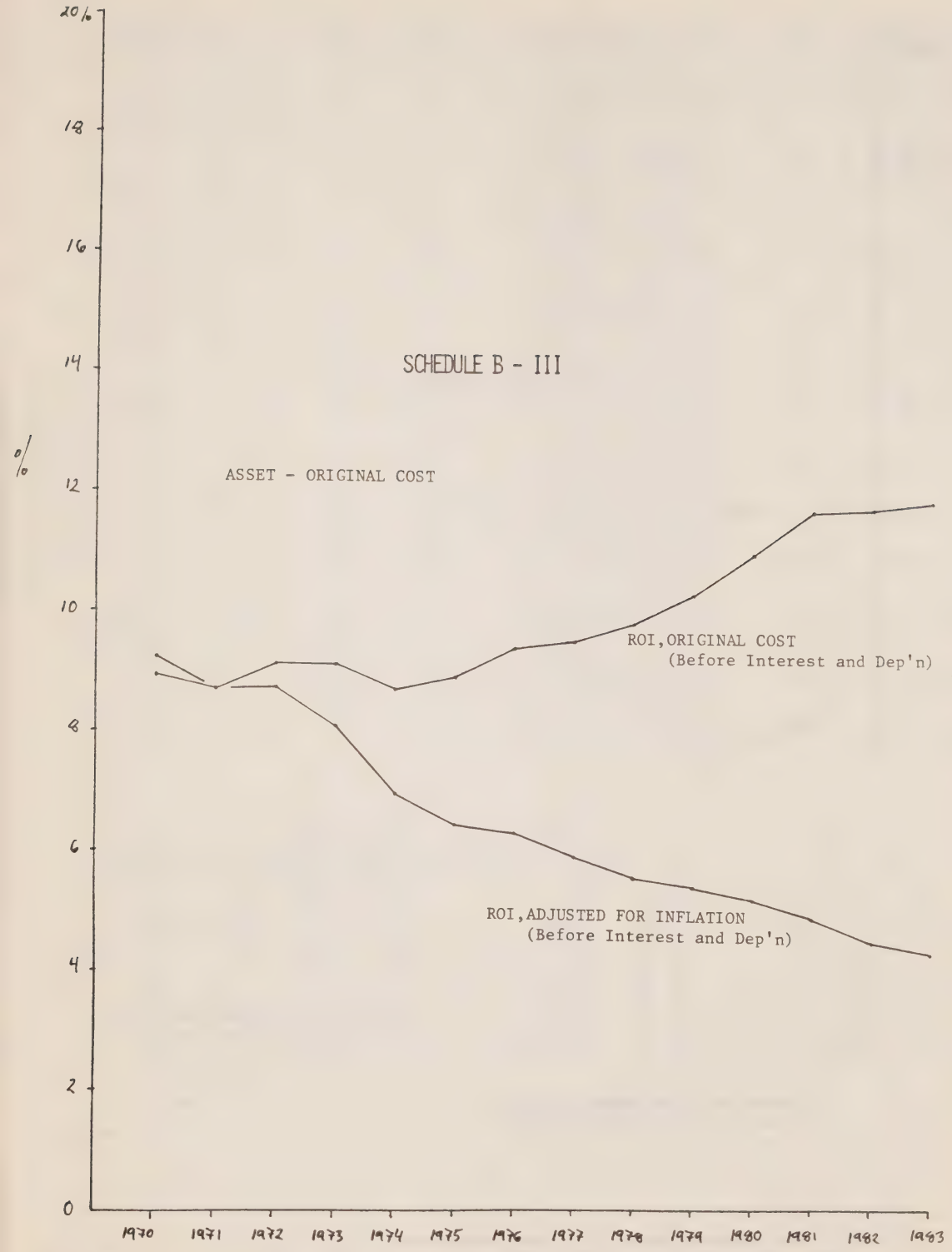
SCHEDULE B - II

SCHEDULE OF SIGNIFICANT ECONOMIC INDICATORS

PER RENTAL UNIT FOR SELECTED YEARS

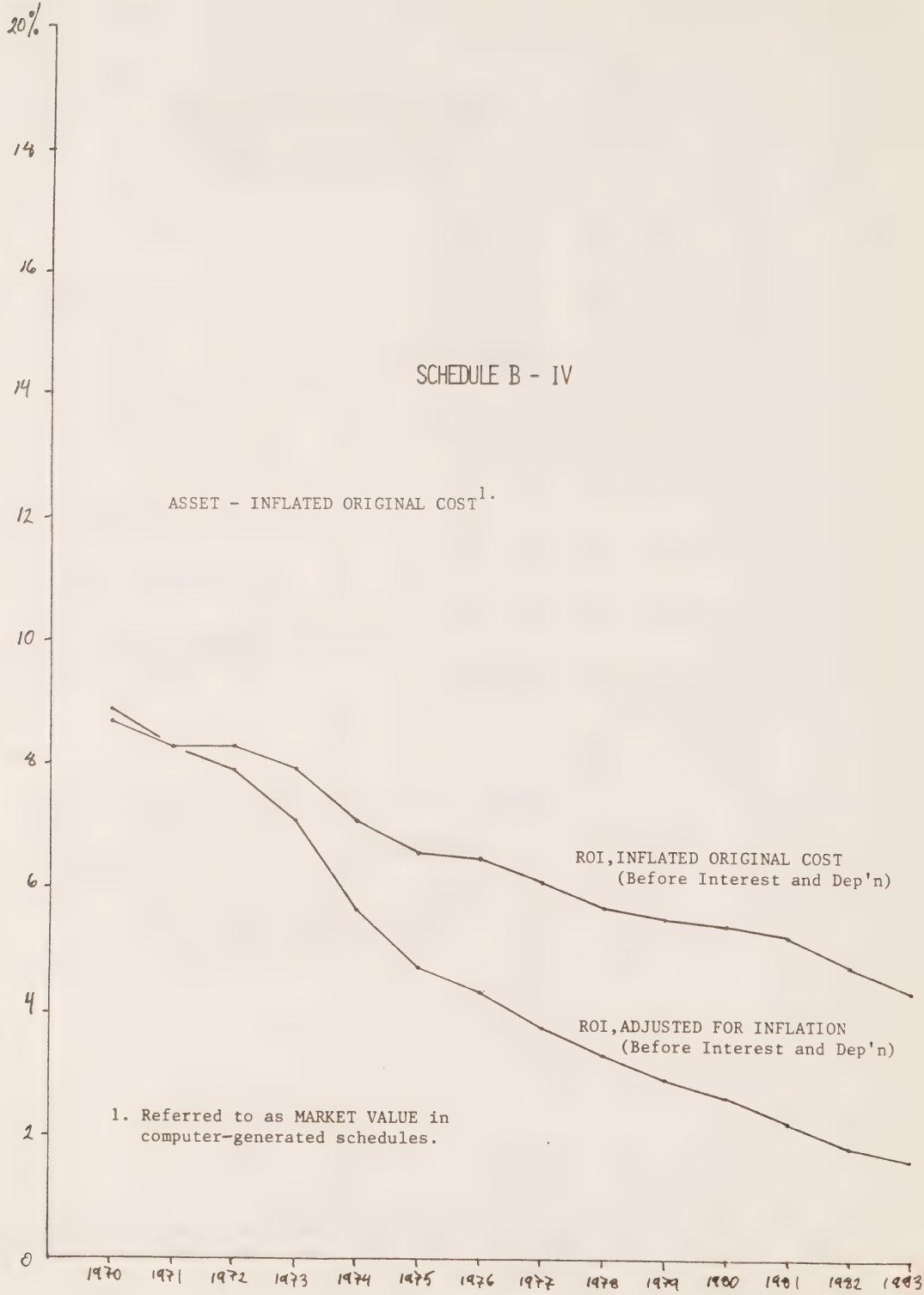
	1970	1975	1976	1983
Inflation Index (C.P.I)	97.2	138.5	148.9	277.5
Original Cost (1)	$9,634	$13,223	$13,240	$10,948
Original Cost (Adjusted For Inflation)	$9,951	$17,852	$19,210	$29,916
Estimated Market Value (2)	$9,578	$13,078	$13,811	$14,422
Unrealized Capital Appreciation	($56)	($145)	$571	$3,474
Actual Earnings as a % of Original Cost (3)	9.0%	8.9%	9.4%	11.9%
Inflation Adjusted Earnings as a % of Original Cost (3)	9.2%	6.4%	6.3%	4.3%
Actual Earnings as a % of Inflation Adjusted Original Cost	8.7%	6.6%	6.5%	4.3%

(1) Per unit original costs fluctuate as units are added to or deleted from sample.
(2) Earnings before interest, depreciation and income taxes capitalized at 9%
(3) Earnings before interest, depreciation and income taxes.


SCHEDULE B - III
%
ASSET - ORIGINAL COST
ROI, ORIGINAL COST
(Before Interest and Dep'n)
ROI, ADJUSTED FOR INFLATION
(Before Interest and Dep'n)
20%
18
16
14
12
10
8
6
4
2
0
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983

SCHEDULE B - IV

ASSET - INFLATED ORIGINAL COST[1].



1. Referred to as MARKET VALUE in computer-generated schedules.

COMPARISON OF LANDLORD PROFITABILITY TO ALTERNATIVE INVESTMENT OPPORTUNITIES FOR THE YEARS 1970 TO 1983

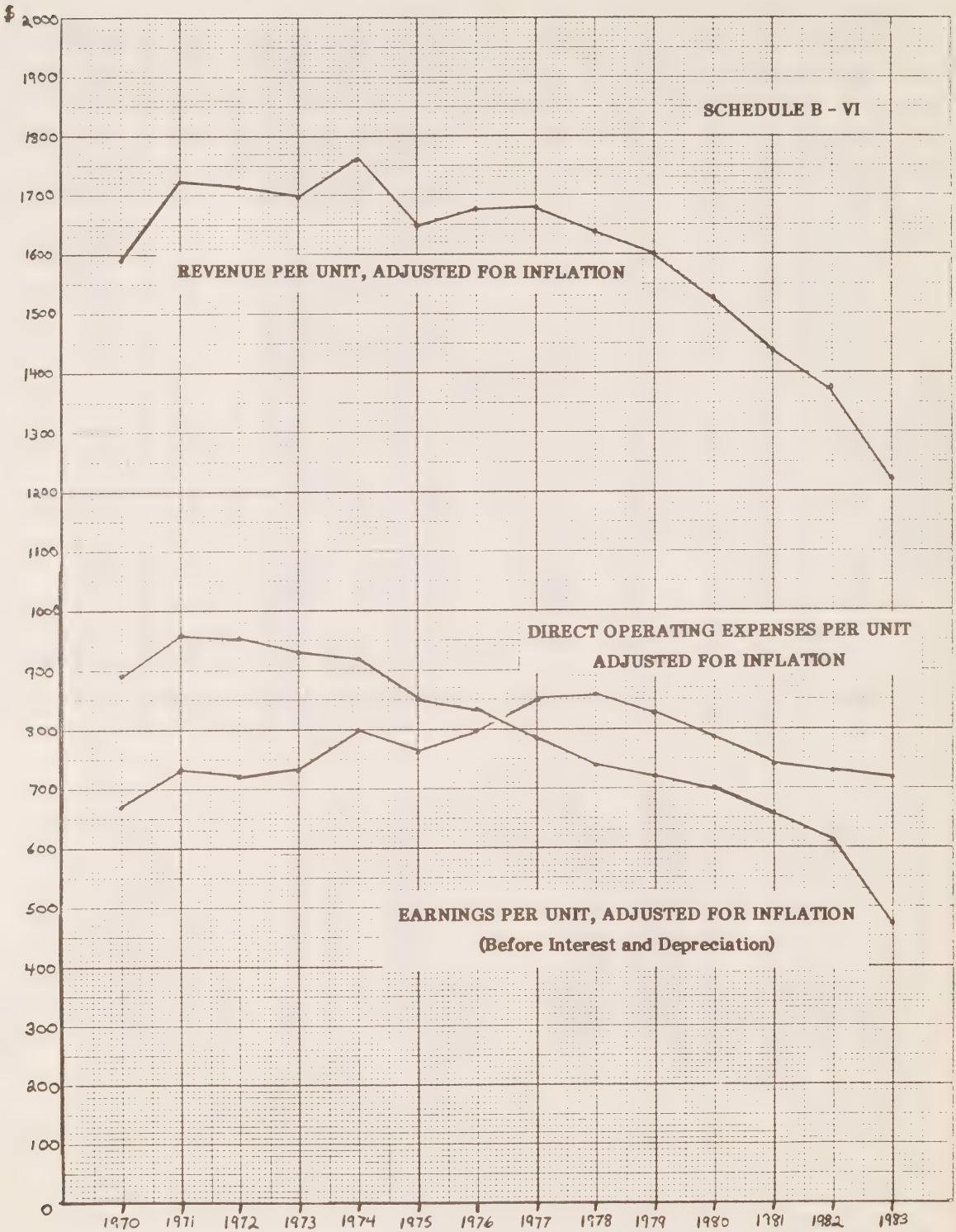
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Government of Canada Securities Bond yield average 10 years and over	7.91%	6.95%	7.23%	7.56%	8.90%	9.04%	9.18%	8.70%	9.27%	10.21%	12.48%	15.22%	14.27%	11.77%
McLeod Young Weir yield averages - 10 provincials	9.04%	8.03%	8.13%	8.36%	9.91%	10.17%	10.11%	9.53%	9.88%	10.74%	13.01%	15.95%	15.40%	N/A
Trust company 5 - year Guaranteed Investment Certificates	8.51%	7.69%	7.64%	8.25%	9.75%	9.55%	10.05%	8.94%	9.31%	10.46%	12.36%	15.39%	14.43%	10.57%
Landlord Profitability (Calculation 1 & 2) - actual earnings before interest and depreciation plus capital appreciation increment as a % of inflation adjusted cost	8.22%	17.48%	12.09%	12.18%	13.99%	8.27%	10.29%	6.99%	7.34%	9.22%	9.52%	8.13%	6.22%	-7.03%
- inflation adjusted (earnings before interest and depreciation plus capital appreciation increment) as a % of original asset cost	8.74%	18.38%	12.68%	12.34%	13.78%	8.06%	10.02%	6.81%	7.15%	8.95%	9.21%	7.73%	5.93%	-6.92%

Calculation 1:

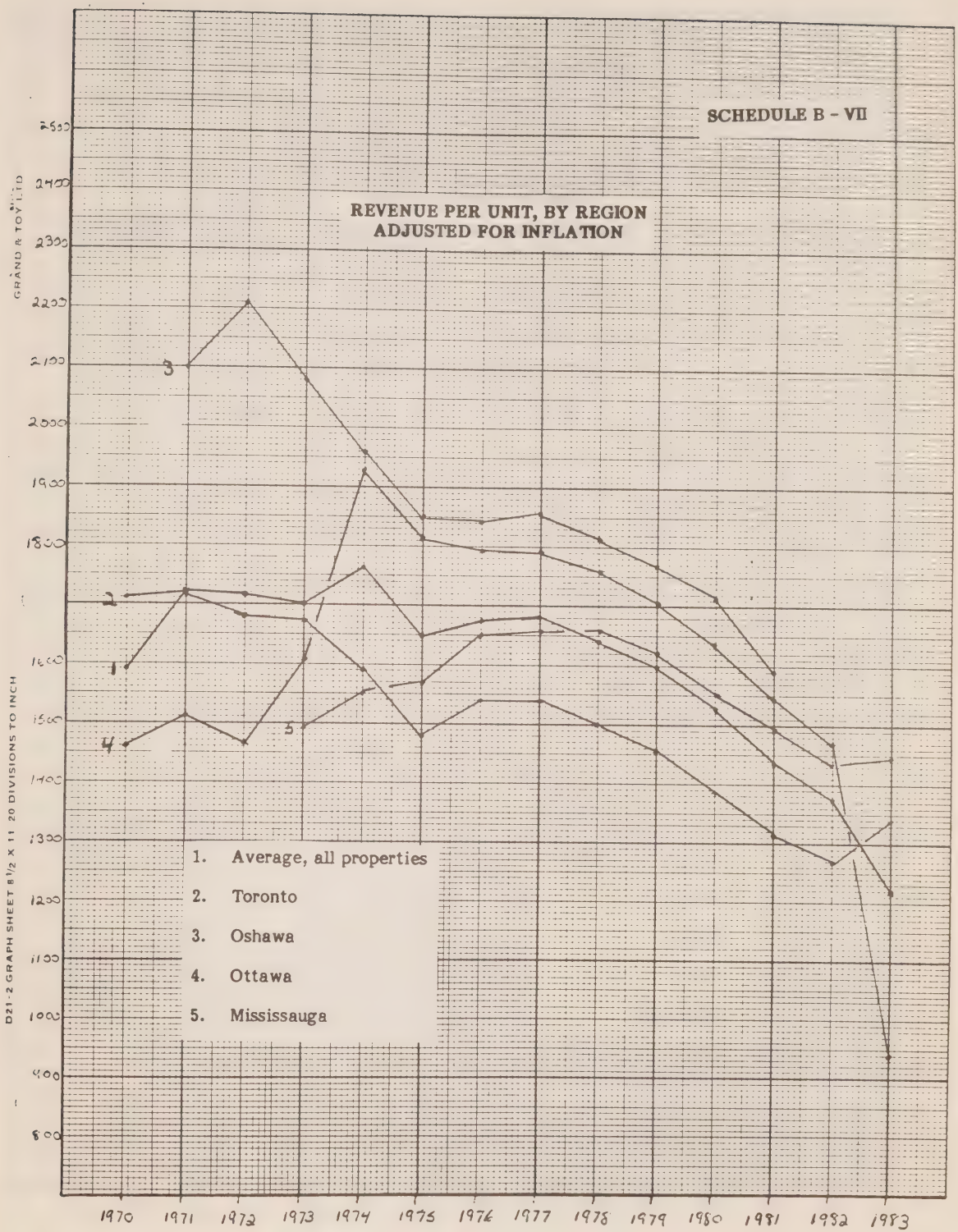
Actual Earnings	$862	$958	$999	$1,049	$1,150	$1,177	$1,243	$1,260	$1,293	$1,375	$1,477	$1,557	$1,604	$1,298
Estimated Market Value, Begin of Year (9%)	$9,622	$9,578	$10,644	$11,100	$11,656	$12,778	$13,078	$13,811	$14,000	$14,367	$15,278	$16,411	$17,300	$17,822
Estimated Market Value, End of Year (9%)	$9,578	$10,644	$11,100	$11,656	$12,778	$13,078	$13,811	$14,000	$14,367	$15,278	$16,411	$17,300	$17,822	$14,422
	($44)	$1,066	$456	$556	$1,122	$300	$733	$189	$367	$911	$1,133	$889	$522	($3,400)
Actual Earnings plus Increment	$818	$2,024	$1,455	$1,605	$2,272	$1,477	$1,976	$1,449	$1,660	$2,286	$2,610	$2,446	$2,126	($2,102)
Inflation Adjusted Historical Cost	$9,951	$11,579	$12,032	$13,182	$16,245	$17,852	$19,210	$20,744	$22,614	$24,788	$27,402	$30,098	$34,199	$29,916
Percentage	8.22%	17.48%	12.09%	12.18%	13.99%	8.27%	10.29%	6.99%	7.34%	9.22%	9.52%	8.13%	6.22%	-7.03%

Calculation 2:

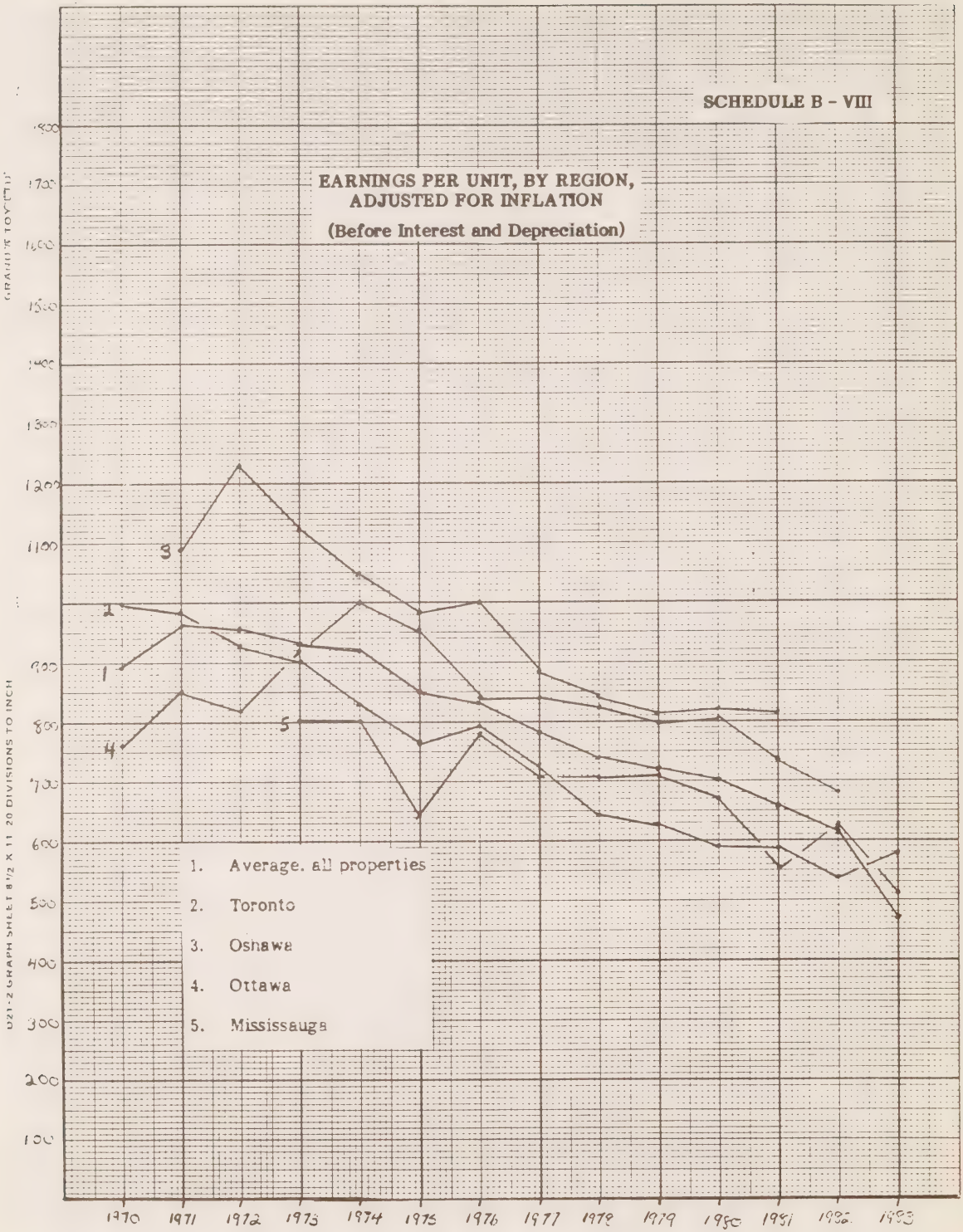
Inflation Adjusted Earnings	$887	$958	$954	$930	$920	$849	$835	$784	$738	$719	$702	$657	$611	$468
Estimated Market Value, Begin of Year (9%) Adjusted For Inflation	$9,899	$9,578	$10,156	$9,849	$9,325	$9,226	$8,783	$8,589	$7,991	$7,514	$7,255	$6,927	$6,593	$6,422
Estimated Market Value, End of Year (9%) Adjusted For Inflation	$9,854	$10,644	$10,592	$10,343	$10,222	$9,443	$9,275	$8,786	$8,200	$7,991	$7,792	$7,303	$6,792	$5,197
	($45)	$1,066	$435	$493	$898	$217	$492	$118	$209	$476	$538	$375	$199	($1,225)
Inflation Adjusted Earnings plus Increment	$842	$2,024	$1,389	$1,423	$1,818	$1,066	$1,327	$902	$947	$1,195	$1,240	$1,032	$810	($757)
Original asset cost	$9,634	$11,009	$10,951	$11,531	$13,187	$13,223	$13,240	$13,240	$13,251	$13,360	$13,458	$13,357	$13,666	$10,948
Percentage	8.74%	18.38%	12.68%	12.34%	13.78%	8.06%	10.02%	6.81%	7.15%	8.95%	9.21%	7.73%	5.93%	-6.92%


$
2000
1900
1800
1700
1600
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
SCHEDULE B - VI
REVENUE PER UNIT, ADJUSTED FOR INFLATION
DIRECT OPERATING EXPENSES PER UNIT
ADJUSTED FOR INFLATION
EARNINGS PER UNIT, ADJUSTED FOR INFLATION
(Before Interest and Depreciation)
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983

SCHEDULE B - VII



SCHEDULE B - VIII



SCHEDULE B - IX

PARTICIPANTS

LANDLORD	NUMBER OF UNITS	LOCATION	YEAR END
A	217	TORONTO	FEBRUARY 28
B	67	TORONTO	FEBRUARY 28
C	52	TORONTO	APRIL 30
D	118	OSHAWA	JUNE 30
E	84	TORONTO	JUNE 30
F	75	MISSISSAUGA	MAY 31
G	200	OTTAWA	MARCH 31
H	130	OTTAWA	DECEMBER 31

COMPARISON OF SELLING PRICES

OF RENTAL BUILDINGS

TO ESTIMATED MARKET VALUE

	(1) Per Unit Earnings Before Interest and Depreciation	(2) Estimated Market Value - Earnings (1) Capitalized at 9%	(3) Per Unit Actual Selling Price	(4) Implicit Capitalization Rate - (3) Related to (1)
Example 118-unit Oshawa building, sold in 1981 - earnings, 1981	$1,936	$21,511	$22,489	8.6%
Example 2 52-Unit Toronto building received on offer (not sold) in 1983 - earnings, 1983	$1,987	$22,078	$18,462	10.8%
Average of the above sale and offer - expressed in 1982 dollars	$2,064	$22,933	$22,639	9.1%

Schedule of Relevant
Cost of Living Indices

Year	Consumer Price Indices	Canada Residential Building Construction Input
1970	97.2	91.2
1971	100	100
1972	104.8	110.1
1973	112.7	123.2
1974	125	134.7
1975	138.5	144
1976	148.9	160.5
1977	160.8	175.5
1978	175.2	192.0
1979	191.2	211.4
1980	210.6	222.7
1981	236.9	244.3
1982	262.4	258.1
1983	277.5	284.8

Note: The consumer price index was used throughout the study in the calculation of inflation-adjusted amounts as it was not subject to the severe fluctuations prevalent in the residential index. The Ontario residential index was only available from 1978.

SECTION C

OBSERVATIONS

C.2 ECONOMIC

C.2.1 The following observations can be made with respect to the economics of investment in rental apartments, based upon the financial results of the test group:

- real profitability has declined by about 1/3 since 1970; most of the decline occurred during 1974 and 1975 and the period 1976 through 1983. Inflation appears to be the cause of the profitability decline in 1974 and 1975. Thereafter, the impact of inflation and the ceilings on rent increases apparently caused the profitability decline.

- conversely, the increase in actual profits was significantly below the rate of inflation both before and after the implementation of rent review. However, the disparity between the growth in actual profits and inflation was much greater after rent review was introduced.

- operating expenses did not abate over the period. They actually grew by an amount virtually equal to the rate of inflation.

- insofar as actual rent received grew at a substantially lower rate than the rate of inflation after 1975 (actual rent grew at a rate very close to the rate of inflation before the implementation of rent review), the benefits passed on to tenants through lower rents were paid for by the landlords in the form of a reduced return on investment (R.O.I.).

- the declining R.O.I. is reflected in the wide disparity between the estimated market value (using earnings before interest, depreciation and income taxes as the measure of value) and the inflation-adjusted original cost.

- real earnings (expressed as percentage of original asset cost) since 1975 can be seen to be well below the range experienced before the first impact of inflation in 1974/1975 and rent review in 1975/76. Recent returns are well below returns that may be realized from investing in risk-free securities such as government bonds or term deposits.

SECTION C

OBSERVATIONS

C.2 ECONOMIC (Continued)

C.2.1 - the findings appear to support the contention of the landlords interviewed that the incentive for investing in the development of multiple-unit rental residential real estate is minimal.

C.2.2 Observations that may be made in relating general market and economic factors to the results of the test group are:

- whereas market conditions, such as very low vacancies, increasing private housing prices and overall economic growth in the province, would seem to be indicative of an opportunity for increasing the relative proportion of rental apartment stock, this sector has actually been declining in relative terms. It is apparent that declining profitability is a major reason.

- the disparity between the current development cost of multiple-unit rental apartments and the estimated market value of the properties in the test group is severe. The rent required from a comparable, newly developed (1982) apartment unit would be about 22% to 59% greater than the average rent being received per unit within the test group during 1982. This disparity noted within the test group is cited by real estate developers and institutional lenders as the reason why new development is not attractive and also the reason for the attempts (many successful) during the past few years by certain large real estate developers to sell their holdings of residential rental real estate.

SECTION C

OBSERVATIONS

C.3 DEMOGRAPHIC AND MARKET

C.3.1 The demographic and housing statistics were examined in the four cities of Mississauga, Oshawa, Ottawa and Toronto as a basis for understanding the environment in which the eight apartment buildings constituting the sample were operating.

C.3.2 Mississauga and Oshawa typify young, expanding cities, characterized by relatively young populations and a high incidence of families. In both cities there is less rental accommodation, specifically apartment accommodation, than privately owned dwellings.

C.3.3 By comparison, the cities of Toronto and Ottawa are older and depend more on rental accommodation than on privately owned dwellings. However, since 1976 apartment housing in each of these cities has lost market share to other forms of accommodation, such as row housing and condominiums.

C.3.4 All four cities have low vacancy rates, which have generally persisted below 3% since 1976. Overall the low vacancy rates, coupled with a decline in new apartment development, can be expected to exert increasing pressure on older apartments to meet the demands of a growing market.

SECTION D

RECOMMENDATION - EXPANDED SURVEY

On the basis of the findings and observations of this study, it is apparent that no statistically representative commentary can be made on the financial condition of the residential rental sector of the real estate industry. Within the test group of landlords studied, it is apparent that financial hardship exists when compared with the returns on investment observed for other common types of long-term investment. Therefore, it is our opinion that, when taken together, these two facts support the need for a province-wide survey, the results of which would enable the Commission to take action, if necessary, based upon empirical evidence of the financial condition of the residential rental sector.

Province-Wide Survey

I. Survey Objective

A. Background

It is evident from the results of the survey of eight rental buildings that some difficulty exists in obtaining usable data from small rental operations. Changes in ownership and a lack of detailed financial statements limited our success in obtaining a sample for the pilot survey. However, virtually no such problems were encountered with the "professional" operators; all of those contacted were willing to participate and were able to meet the qualifying criteria. It could be expected that, even in situations where rental buildings were sold during the study period from one "professional" operator to another, a data trail would be available.

However, it is apparent that no complete compendium of residential rental buildings exists in Ontario. Accordingly, the total number of buildings is not known nor have all their characteristics been described statistically. Although desirable, we do not believe it would be cost-beneficial to create such a data base solely for the purpose of conducting the recommended survey. But the lack of it will necessitate the collection and analysis of additional data within the survey as well as a pre-qualification of potential survey participants.

SECTION D

RECOMMENDATION - EXPANDED SURVEY (Continued)

I. Survey Objective (Continued)

B. Objectives

The expanded survey should be designed to achieve the following objectives:

1. A statistically representative measurement of the financial condition of the sector from 1970 to 1983 inclusive, at particular times during the period (notably 1970/71, 1975, 1976, etc.) and for periods within the overall period such as 1970 to 1975 and 1976 to 1983. Emphasis should be placed on the following (which should be both historical and inflation-adjusted):

   (a) profitability (earnings before interest and depreciation);

   (b) return on investment (earnings before interest and depreciation as percentage of asset cost);

   (c) revenue;

   (d) operating expenses (in total and for specific expense categories);

   (e) administrative and general expenses;

   (f) development costs and market values.

SECTION D

RECOMMENDATION - EXPANDED SURVEY (Continued)

I. Survey Objective (Continued)

B. Objectives (Continued)

2. A compilation of significant demographic and economic indicators during the period 1970 to 1983 (some of which has already been done for purposes of the pilot study) and a determination of the correlation of the data to financial performance. Data should include population, housing statistics (rental and owned), government incentive programs introduced and withdrawn, inflation statistics, average wage rates or income per capita, charges in income tax regulations or incentives introduced or withdrawn and returns or investment realized within other sectors of the real estate industry and in selected sectors of the capital market. In addition, the history of physical additions to, and deletions from, the rental stock should be determined by year for the various geographic areas of the province.

   Note that we do not believe that it is necessary to collect and review Cost Revenue Statements to determine the financial condition of the sector nor to review their relationship to financial statements prepared in accordance with generally accepted accounting principles.

   It would be useful to review and compare the history of the residential rental sector in other political jurisdictions where rent review has been implemented to the Ontario experience.

II. Survey Methodology

A. Approach

Because of the lack, already noted, of a complete list of rental buildings, it will be necessary to approach landlords directly and through regional associations to determine whether they are able and willing to participate and whether the potential participants meet the criteria. The criteria would include size (possibly three or more rental units), availability of financial statements prepared in a usable format (basically that used within the pilot survey), a history of existence that spans the rent review introduction date and identifiable continuity of ownership.

RECOMMENDATION - EXPANDED SURVEY (Continued)

II. Survey Methodology (Continued)

A. Approach (Continued)

Appropriate geographic areas would be identified, landlords within each area be contacted and their characteristics evaluated, the ultimate sample size thereby determined and evaluated for statistical representativeness and a questionnaire designed and administered. It is likely that more usable data would be available from the larger and "professional" landlords. Therefore data received for smaller rental buildings would have to be weighted up or at least compared to data for larger rental buildings to ensure consistency or to reveal the reasons for differences.

B. Sample Design

The sample must be selected in a manner that ensures broad geographic representation, a broad representation of buildings of various size, landlords ranging from "amateur" to "professional", buildings that are relatively old as well as those constructed as recently as 1970 to 1983, and if possible, buildings that span the spectrum of vacancy rates from high to low.

C. Collection of Data

1. Landlord Data -

Initially, personal contact should be established in order to determine whether the participating rental buildings fulfil the qualifications. A written, mail-back questionnaire should then be drawn up that contains sufficient explanation to ensure that all statistical data are supplied and that financial statements, if not originally prepared in the required format, are converted to the format to be used for summary and analysis. The required data are listed above under objectives.

RECOMMENDATION - EXPANDED SURVEY (Continued)

II. Survey Methodology (Continued)

C. Collection of Data (Continued)

2. Market Data -

The market data required should be collected from reputable sources such as government departments and agencies (at all levels) and financial institutions. The experience of the pilot study suggests that all data will be readily available. The required data are listed above under objectives.

D. Data Tabulation

The output tables should be virtually identical to those presented herein with the addition of individual schedules or lines within existing schedules to accommodate additional data, such as performance by age, size, geographic location, etc. All tables or schedules should focus on the financial condition before and after the introduction of rent review as well as indicating the progression of various financial items over the period. The data output should also be related, at appropriate points in time, to the introduction or withdrawal of significant taxation legislation or changes in general economic condition, e.g., the introduction and withdrawal of MURB legislation, rapidly rising or declining interest rates, inflation, economic growth or recession and significant changes in demographics, if any.

SECTION D

RECOMMENDATION - EXPANDED SURVEY (Continued)

III. Financial Feasibility

It will be evident from the foregoing that the cost of the recommended survey cannot be predicted with even a reasonable degree of accuracy until the scope of the survey and the precise terms of reference are agreed upon with the Commission.

The evaluation of the costs and benefits of such a study is a political rather than technical decision, although it can be stated that the decline in profits experienced by landlords, according to those interviewed, since 1975/76 has been significant and that there has been a corresponding decline in related income taxes. Consideration of such matters can only follow, not precede, the expanded survey that would provide the data base necessary to consider the cost or benefit of the present rent review process in Ontario.

APPENDICES

APPENDIX I

SUMMARY OF FINANCIAL DATA ANALYSIS*

Schedule	1	Statement of Earnings - Per Unit - 1971 Dollars
	2	Statement of Earnings - Per Unit - Historical Cost
	3	Statement of Earnings - Aggregate - 1971 Dollars
	4	Statement of Earnings - Aggregate - Historical Cost
	5	Statement of Earnings - Aggregate - Historical Cost - Toronto Region
	6	Statement of Earnings - Aggregate - 1971 Dollars - Toronto Region
	7	Statement of Earnings - Aggregate - Historical Cost - Oshawa Region
	8	Statement of Earnings - Aggregate - 1971 Dollars - Oshawa Region
	9	Statement of Earnings - Aggregate - Historical Cost - Ottawa Region
	10	Statement of Earnings - Aggregate - 1971 Dollars - Ottawa Region
	11	Statement of Earnings - Aggregate - Historical Cost - Mississauga Region
	12	Statement of Earnings - Aggregate - 1971 Dollars - Mississauga Region
	13	Statement of Earnings - Historical Cost - Averages 1970 - 1975; 1976 - 1983
	14	Return on Investment - Combined - All Participants
		Comparison of Cost Revenue Statements to Earnings Statements - Selected Landlords, Selected Years
	15	Landlord A
	16	Landlord B
	17	Landlord C

*Full-size copies of the computer print-outs on the following pages are available from the Commission of Inquiry into Residential Tenancies.

Schedule 1

943		943		943		943		943		894		741		611	
1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$1,656	98.91%	$1,650	98.28%	$1,615	98.39%	$1,564	98.06%	$1,503	98.43%	$1,409	98.21%	$1,357	98.69%	$1,205	98.74%
$18	1.09%	$29	1.72%	$26	1.61%	$31	1.94%	$24	1.57%	$26	1.79%	$18	1.31%	$15	1.26%
$1,675	100.00%	$1,679	100.00%	$1,641	100.00%	$1,595	100.00%	$1,527	100.00%	$1,435	100.00%	$1,375	100.00%	$1,220	100.00%
$356	21.28%	$365	21.71%	$360	21.91%	$344	21.57%	$313	20.51%	$294	20.46%	$288	20.93%	$267	21.87%
$207	12.38%	$233	13.86%	$235	14.32%	$227	14.22%	$218	14.25%	$220	15.31%	$207	15.03%	$184	15.08%
$59	3.52%	$63	3.77%	$66	4.01%	$67	4.20%	$58	3.80%	$56	3.87%	$57	4.16%	$51	4.14%
$124	7.39%	$131	7.82%	$146	8.90%	$139	8.72%	$158	9.85%	$127	8.86%	$141	10.29%	$184	15.04%
$9	0.55%	$14	0.80%	$13	0.78%	$11	0.68%	$10	0.63%	$8	0.59%	$8	0.59%	$7	0.60%
$41	2.45%	$41	2.46%	$37	2.26%	$38	2.36%	$36	2.35%	$32	2.25%	$32	2.32%	$21	1.75%
$797	47.57%	$847	50.43%	$856	52.18%	$825	51.75%	$785	51.39%	$737	51.34%	$733	53.33%	$714	58.49%
$878	52.43%	$832	49.57%	$785	47.82%	$770	48.25%	$742	48.61%	$698	48.66%	$642	46.67%	$506	41.51%
$8	0.48%	$9	0.52%	$10	0.59%	$10	0.61%	$9	0.60%	$8	0.57%	$7	0.49%	$13	1.06%
$18	1.07%	$15	0.88%	$16	0.95%	$16	0.98%	$13	0.88%	$13	0.90%	$8	0.58%	$9	0.73%
$3	0.20%	$7	0.43%	$8	0.46%	$7	0.43%	$1	0.06%	$5	0.34%	$3	0.24%	$2	0.17%
$5	0.33%	$4	0.25%	$6	0.35%	$7	0.42%	$4	0.27%	$4	0.31%	$2	0.16%	$1	0.07%
$8	0.49%	$13	0.80%	$8	0.49%	$12	0.73%	$13	0.86%	$11	0.76%	$11	0.79%	$14	1.13%
$43	2.56%	$48	2.88%	$47	2.84%	$51	3.17%	$41	2.67%	$41	2.87%	$31	2.26%	$39	3.16%
$835	49.86%	$784	46.69%	$738	44.98%	$719	45.08%	$702	45.94%	$657	45.79%	$611	44.42%	$468	38.35%
$666	39.77%	$703	41.85%	$638	38.86%	$574	36.01%	$555	36.36%	$527	36.72%	$440	32.01%	$379	31.04%
$3	0.20%	$3	0.17%	$1	0.06%	$1	0.04%	$1	0.07%	$2	0.17%	$3	0.18%	$2	0.16%
$669	39.97%	$705	42.01%	$639	38.92%	$575	36.05%	$556	36.43%	$529	36.89%	$443	32.19%	$381	31.20%
$166	9.89%	$79	4.68%	$99	6.05%	$144	9.03%	$145	9.51%	$128	8.90%	$168	12.22%	$87	7.15%
$197	11.75%	$180	10.72%	$161	9.82%	$148	9.28%	$140	9.20%	$126	8.76%	$105	7.63%	$79	6.49%
($31)	-1.85%	($101)	-6.04%	($62)	-3.77%	($4)	-0.26%	$5	0.31%	$2	0.14%	$63	4.59%	$8	0.66%

NUMBER OF UNITS	417		535		557		788		891		943	
PER UNIT BASIS PROPERTIES A,B,C,D,E,F,G,H. COMBINED STATEMENT OF EARNINGS ADJUSTED FOR INFLATION ALL STATEMENTS ARE IN 1971 DOLLARS	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$1,586	99.74%	$1,713	99.46%	$1,698	99.07%	$1,684	99.22%	$1,747	99.07%	$1,631	98.93%
Recoveries	$4	0.26%	$9	0.54%	$16	0.93%	$13	0.78%	$16	0.93%	$18	1.07%
	$1,590	100.00%	$1,722	100.00%	$1,714	100.00%	$1,697	100.00%	$1,763	100.00%	$1,649	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$362	22.79%	$405	23.54%	$372	21.72%	$348	20.51%	$335	19.02%	$330	19.99%
Utilities	$122	7.69%	$140	8.15%	$137	7.98%	$141	8.33%	$163	9.24%	$176	10.66%
Wages & employee benefits	$38	2.41%	$32	1.85%	$34	1.99%	$40	2.38%	$56	3.16%	$60	3.65%
Repairs & Maintenence	$118	7.45%	$112	6.51%	$135	7.88%	$153	8.99%	$187	10.58%	$145	8.79%
Insurance	$8	0.53%	$5	0.31%	$6	0.37%	$7	0.41%	$8	0.47%	$8	0.47%
Management fee	$21	1.33%	$35	2.01%	$35	2.04%	$39	2.30%	$48	2.72%	$41	2.52%
	$671	42.20%	$730	42.37%	$720	41.99%	$728	42.93%	$797	45.18%	$760	46.07%
OPERATING INCOME	$919	57.80%	$992	57.63%	$994	58.01%	$969	57.07%	$967	54.82%	$889	53.93%
ADMINISTRATIVE & GENERAL												
Professional fees	$8	0.51%	$7	0.40%	$11	0.63%	$6	0.36%	$6	0.35%	$6	0.38%
Capital tax	$10	0.62%	$11	0.63%	$12	0.72%	$12	0.70%	$16	0.90%	$15	0.91%
Bad debts	$1	0.06%	$2	0.09%	$1	0.08%	$6	0.37%	$4	0.23%	$5	0.28%
Advertising & rental commissions	$3	0.17%	$4	0.24%	$3	0.15%	$7	0.40%	$9	0.52%	$5	0.30%
Miscellaneous	$10	0.64%	$11	0.66%	$14	0.79%	$7	0.41%	$11	0.62%	$9	0.54%
	$32	2.01%	$35	2.01%	$41	2.37%	$38	2.25%	$46	2.63%	$40	2.40%
EARNINGS BEFORE INTEREST & DEPRECIATION	$887	55.79%	$958	55.62%	$954	55.65%	$930	54.83%	$920	52.19%	$849	51.52%
INTEREST												
Mortgage	$522	32.82%	$582	33.83%	$584	34.10%	$598	35.23%	$710	40.28%	$675	40.93%
On security deposits	$1	0.07%	$3	0.17%	$3	0.17%	$3	0.20%	$3	0.18%	$3	0.16%
	$523	32.90%	$585	34.00%	$587	34.27%	$601	35.42%	$714	40.46%	$677	41.09%
EARNINGS BEFORE DEPRECIATION	$364	22.89%	$372	21.62%	$366	21.38%	$329	19.40%	$207	11.73%	$172	10.43%
Depreciation	$304	19.11%	$264	15.32%	$241	14.04%	$235	13.86%	$222	12.58%	$198	12.04%
EARNINGS *	$60	3.78%	$108	6.29%	$126	7.34%	$94	5.54%	($15)	-0.85%	($27)	-1.61%

* Income tax has not been considered.

NUMBER OF UNITS	417		535		557		788		891		943	
PER UNIT BASIS PROPERTIES A, B, C, D, E, F, G, H. COMBINED STATEMENT OF EARNINGS	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$1,541	99.74%	$1,713	99.46%	$1,779	99.07%	$1,898	99.22%	$2,184	99.07%	$2,259	98.93%
Recoveries	$4	0.26%	$9	0.54%	$17	0.93%	$15	0.78%	$21	0.93%	$24	1.07%
	$1,545	100.00%	$1,722	100.00%	$1,796	100.00%	$1,912	100.00%	$2,204	100.00%	$2,283	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$352	22.79%	$405	23.54%	$398	21.72%	$392	20.51%	$419	19.02%	$456	19.99%
Utilities	$119	7.69%	$140	8.15%	$143	7.98%	$159	8.33%	$204	9.24%	$243	10.66%
Wages & employee benefits	$37	2.41%	$32	1.85%	$36	1.99%	$46	2.38%	$70	3.16%	$83	3.65%
Repairs & Maintenence	$115	7.45%	$112	6.51%	$142	7.88%	$172	8.99%	$233	10.58%	$201	8.79%
Insurance	$8	0.53%	$5	0.31%	$7	0.37%	$8	0.41%	$10	0.47%	$11	0.47%
Management fee	$21	1.33%	$35	2.01%	$37	2.04%	$44	2.30%	$60	2.72%	$57	2.52%
	$652	42.20%	$730	42.37%	$754	41.99%	$821	42.93%	$996	45.18%	$1,052	46.07%
OPERATING INCOME	$893	57.80%	$992	57.63%	$1,042	58.01%	$1,092	57.07%	$1,208	54.82%	$1,231	53.93%
ADMINISTRATIVE & GENERAL												
Professional fees	$8	0.51%	$7	0.40%	$11	0.63%	$7	0.36%	$8	0.35%	$9	0.38%
Capital tax	$10	0.62%	$11	0.63%	$13	0.72%	$13	0.70%	$20	0.90%	$21	0.91%
Bad debts	$1	0.06%	$2	0.09%	$1	0.08%	$7	0.37%	$5	0.23%	$6	0.28%
Advertising & rental commissions	$3	0.17%	$4	0.24%	$3	0.16%	$8	0.40%	$11	0.52%	$7	0.30%
Miscellaneous	$10	0.64%	$11	0.66%	$14	0.79%	$8	0.41%	$14	0.62%	$12	0.54%
	$31	2.01%	$35	2.01%	$42	2.37%	$43	2.25%	$58	2.63%	$55	2.40%
EARNINGS BEFORE INTEREST & DEPRECIATION	$862	55.79%	$958	55.62%	$999	55.65%	$1,049	54.83%	$1,150	52.19%	$1,177	51.52%
INTEREST												
Mortgage	$507	32.82%	$582	33.83%	$612	34.10%	$674	35.23%	$888	40.28%	$935	40.93%
On security deposits	$1	0.07%	$3	0.17%	$3	0.17%	$4	0.20%	$4	0.18%	$4	0.16%
	$508	32.90%	$585	34.00%	$615	34.27%	$677	35.42%	$892	40.46%	$938	41.09%
EARNINGS BEFORE DEPRECIATION	$354	22.89%	$372	21.62%	$384	21.38%	$371	19.40%	$259	11.73%	$238	10.43%
Depreciation	$295	19.11%	$264	15.32%	$252	14.04%	$265	13.86%	$277	12.58%	$275	12.04%
EARNINGS *	$58	3.78%	$108	6.29%	$132	7.34%	$106	5.54%	($19)	-0.85%	($37)	-1.61%

* Income tax has not been considered.

Schedule 2

943		943		943		943		943		894		741		611	
1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$2,466	98.91%	$2,653	98.28%	$2,829	98.39%	$2,990	98.06%	$3,166	98.43%	$3,339	98.21%	$3,563	98.69%	$3,343	98.74%
$27	1.09%	$46	1.72%	$46	1.61%	$59	1.94%	$50	1.57%	$61	1.79%	$47	1.31%	$43	1.26%
$2,493	100.00%	$2,700	100.00%	$2,876	100.00%	$3,049	100.00%	$3,216	100.00%	$3,400	100.00%	$3,610	100.00%	$3,386	100.00%
$531	21.28%	$586	21.71%	$638	21.91%	$658	21.57%	$660	20.51%	$695	20.46%	$756	20.93%	$740	21.87%
$309	12.38%	$374	13.86%	$412	14.32%	$433	14.22%	$458	14.25%	$521	15.31%	$542	15.02%	$511	15.08%
$88	3.52%	$102	3.77%	$115	4.01%	$128	4.20%	$122	3.80%	$132	3.87%	$150	4.16%	$140	4.14%
$184	7.39%	$211	7.82%	$256	8.90%	$266	8.72%	$317	9.85%	$301	8.86%	$371	10.29%	$509	15.04%
$14	0.55%	$22	0.80%	$22	0.78%	$21	0.68%	$20	0.63%	$20	0.59%	$21	0.59%	$20	0.60%
$61	2.45%	$66	2.46%	$65	2.26%	$72	2.36%	$76	2.35%	$76	2.25%	$84	2.32%	$59	1.75%
$1,186	47.57%	$1,362	50.43%	$1,501	52.18%	$1,578	51.75%	$1,653	51.39%	$1,745	51.34%	$1,925	53.33%	$1,980	58.49%
$1,307	52.43%	$1,338	49.57%	$1,375	47.82%	$1,471	48.25%	$1,563	48.61%	$1,654	48.66%	$1,685	46.67%	$1,405	41.51%
$12	0.48%	$14	0.52%	$17	0.59%	$19	0.61%	$19	0.60%	$19	0.57%	$18	0.49%	$36	1.06%
$27	1.07%	$24	0.88%	$27	0.95%	$30	0.98%	$28	0.88%	$30	0.90%	$21	0.58%	$25	0.73%
$5	0.20%	$12	0.43%	$13	0.46%	$13	0.43%	$2	0.06%	$12	0.34%	$9	0.24%	$6	0.17%
$8	0.33%	$7	0.25%	$10	0.35%	$13	0.42%	$9	0.27%	$10	0.31%	$6	0.16%	$2	0.07%
$12	0.49%	$22	0.80%	$14	0.49%	$22	0.73%	$28	0.86%	$26	0.76%	$29	0.79%	$38	1.13%
$64	2.56%	$78	2.88%	$82	2.84%	$97	3.17%	$86	2.67%	$98	2.87%	$82	2.26%	$107	3.16%
$1,243	49.86%	$1,260	46.69%	$1,293	44.98%	$1,375	45.08%	$1,477	45.94%	$1,557	45.79%	$1,604	44.42%	$1,298	38.35%
$992	39.77%	$1,130	41.85%	$1,118	38.86%	$1,098	36.01%	$1,169	36.36%	$1,248	36.72%	$1,156	32.01%	$1,051	31.04%
$5	0.20%	$4	0.17%	$2	0.06%	$1	0.04%	$2	0.07%	$6	0.17%	$7	0.18%	$6	0.16%
$997	39.97%	$1,134	42.01%	$1,119	38.92%	$1,099	36.05%	$1,172	36.43%	$1,254	36.89%	$1,162	32.19%	$1,056	31.20%
$247	9.89%	$126	4.68%	$174	6.05%	$275	9.03%	$306	9.51%	$303	8.90%	$441	12.22%	$242	7.15%
$293	11.75%	$289	10.72%	$282	9.82%	$283	9.28%	$296	9.20%	$298	8.76%	$276	7.63%	$220	6.49%
($46)	-1.85%	($163)	-6.04%	($108)	-3.77%	($8)	-0.26%	$10	0.31%	$5	0.14%	$166	4.59%	$22	0.66%

	1970	1971	1972	1973	1974	1975
Average CPI for year(Base year 1971)	97.2	100.0	104.8	112.7	125.0	138.5
Average inflation rate over previous year (Base year 1970)	3.29%	2.88%	4.80%	7.54%	10.91%	10.80%

PROPERTIES $A_1B_1C_1D_1E_1F_1G_1H_1$
COMBINED STATEMENT OF EARNINGS
ADJUSTED FOR INFLATION
ALL STATEMENTS ARE IN 1971 DOLLARS

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$661,185	99.74%	$916,231	99.46%	$945,642	99.07%	$1,326,812	99.22%	$1,556,689	99.07%	$1,538,061	98.93%
Recoveries	$1,753	0.26%	$5,017	0.54%	$8,915	0.93%	$10,381	0.78%	$14,646	0.93%	$16,648	1.07%
	$662,938	100.00%	$921,248	100.00%	$954,557	100.00%	$1,337,193	100.00%	$1,571,254	100.00%	$1,554,710	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$151,866	22.79%	$216,879	23.54%	$207,318	21.72%	$274,386	20.51%	$298,838	19.02%	$310,881	19.99%
Utilities	$50,986	7.69%	$75,857	8.15%	$76,216	7.98%	$111,379	8.33%	$145,138	9.24%	$165,671	10.66%
Wages & employee benefits	$15,998	2.41%	$17,834	1.85%	$19,015	1.99%	$31,861	2.38%	$49,686	3.16%	$56,671	3.65%
Repairs & Maintenence	$49,392	7.45%	$59,966	6.51%	$75,245	7.88%	$120,225	8.99%	$166,245	10.58%	$136,687	8.79%
Insurance	$3,522	0.53%	$2,898	0.31%	$3,548	0.37%	$5,484	0.41%	$7,418	0.47%	$7,365	0.47%
Management fee	$8,826	1.33%	$18,491	2.01%	$19,448	2.04%	$38,748	2.30%	$42,580	2.72%	$39,183	2.52%
	$279,789	42.20%	$390,325	42.37%	$400,781	41.99%	$574,084	42.93%	$709,917	45.18%	$716,297	46.07%
OPERATING INCOME	$383,149	57.80%	$530,923	57.63%	$553,776	58.01%	$763,189	57.07%	$861,338	54.82%	$838,413	53.93%
ADMINISTRATIVE & GENERAL												
Professional fees	$3,403	0.51%	$3,644	0.40%	$5,969	0.63%	$4,847	0.36%	$5,520	0.35%	$5,835	0.38%
Capital tax	$4,135	0.62%	$5,819	0.63%	$6,825	0.72%	$9,357	0.70%	$14,214	0.90%	$14,078	0.91%
Bad debts	$385	0.06%	$842	0.09%	$717	0.08%	$4,997	0.37%	$3,664	0.23%	$4,351	0.28%
Advertising & rental commissions	$1,116	0.17%	$2,167	0.24%	$1,484	0.16%	$5,382	0.40%	$8,125	0.52%	$4,653	0.30%
Miscellaneous	$4,256	0.64%	$6,064	0.66%	$7,582	0.79%	$5,524	0.41%	$9,751	0.62%	$8,456	0.54%
	$13,295	2.01%	$18,536	2.01%	$22,577	2.37%	$30,047	2.25%	$41,274	2.63%	$37,373	2.40%
EARNINGS BEFORE INTEREST & DEPRECIATION	$369,854	55.79%	$512,387	55.62%	$531,198	55.65%	$733,142	54.83%	$820,064	52.19%	$801,040	51.52%
INTEREST												
Mortgage	$217,586	32.82%	$311,613	33.83%	$325,582	34.10%	$471,852	35.23%	$632,926	40.28%	$636,409	40.93%
On security deposits	$495	0.07%	$1,611	0.17%	$1,584	0.17%	$2,636	0.20%	$2,864	0.18%	$2,458	0.16%
	$218,081	32.90%	$313,224	34.00%	$327,886	34.27%	$473,689	35.42%	$635,790	40.46%	$638,868	41.09%
EARNINGS BEFORE DEPRECIATION	$151,773	22.89%	$199,163	21.62%	$204,113	21.38%	$259,453	19.40%	$184,274	11.73%	$162,173	10.43%
Depreciation	$126,719	19.11%	$141,173	15.32%	$134,001	14.04%	$185,316	13.86%	$197,616	12.58%	$187,177	12.04%
EARNINGS *	$25,053	3.78%	$57,990	6.29%	$70,112	7.34%	$74,138	5.54%	($13,342)	-0.85%	($25,004)	-1.61%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS	417	535	557	788	891	943
REVENUE PER UNIT	$1,590	$1,722	$1,714	$1,697	$1,763	$1,649
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	$887	$958	$954	$938	$920	$849
EARNINGS PER UNIT	$60	$108	$126	$94	($15)	($27)

Schedule 3

1976	1977	1978	1979	1980	1981	1982	1983
148.9	160.8	175.2	191.2	210.6	236.9	262.5	277.5
7.51%	7.99%	8.96%	9.13%	10.15%	12.49%	10.81%	5.71%

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$1,561,848	98.91%	$1,556,088	98.28%	$1,522,945	98.39%	$1,474,592	98.06%	$1,417,411	98.43%	$1,259,983	98.21%	$1,005,760	98.69%	$736,114	98.74%
$17,288	1.09%	$27,182	1.72%	$24,880	1.61%	$29,246	1.94%	$22,554	1.57%	$22,989	1.79%	$13,371	1.31%	$9,365	1.26%
$1,579,136	100.00%	$1,583,270	100.00%	$1,547,825	100.00%	$1,503,838	100.00%	$1,439,964	100.00%	$1,282,972	100.00%	$1,019,131	100.00%	$745,479	100.00%
$336,895	21.28%	$343,752	21.71%	$339,144	21.91%	$324,416	21.57%	$295,358	20.51%	$262,442	20.46%	$213,331	20.93%	$163,041	21.87%
$195,586	12.36%	$219,584	13.86%	$221,675	14.32%	$213,881	14.22%	$205,254	14.25%	$196,449	15.31%	$153,125	15.03%	$112,449	15.08%
$55,543	3.52%	$59,679	3.77%	$62,898	4.01%	$63,119	4.20%	$54,773	3.80%	$49,710	3.87%	$42,438	4.16%	$30,875	4.14%
$116,788	7.39%	$123,855	7.82%	$137,716	8.90%	$131,126	8.72%	$141,804	9.85%	$113,682	8.86%	$104,851	10.29%	$112,142	15.04%
$8,745	0.55%	$12,733	0.80%	$12,884	0.78%	$10,195	0.68%	$9,041	0.63%	$7,529	0.59%	$6,948	0.59%	$4,465	0.60%
$38,639	2.45%	$38,927	2.46%	$35,831	2.26%	$35,540	2.36%	$33,888	2.35%	$28,846	2.25%	$23,672	2.32%	$13,865	1.75%
$751,228	47.57%	$796,450	50.43%	$807,660	52.18%	$778,197	51.75%	$740,837	51.39%	$658,659	51.34%	$543,456	53.33%	$436,838	58.49%
$827,907	52.43%	$784,820	49.57%	$740,164	47.82%	$725,641	48.25%	$699,128	48.61%	$624,312	48.66%	$475,675	46.67%	$309,441	41.51%
$7,619	0.48%	$8,220	0.52%	$9,195	0.59%	$9,236	0.61%	$8,682	0.60%	$7,384	0.57%	$5,007	0.49%	$7,912	1.06%
$16,887	1.07%	$13,917	0.88%	$14,670	0.95%	$14,713	0.98%	$12,714	0.88%	$11,488	0.90%	$5,869	0.58%	$5,453	0.73%
$3,953	0.20%	$6,828	0.43%	$7,156	0.46%	$6,531	0.43%	$820	0.06%	$4,486	0.34%	$2,427	0.24%	$1,247	0.17%
$5,149	0.33%	$4,085	0.25%	$5,489	0.35%	$6,317	0.42%	$3,923	0.27%	$3,947	0.31%	$1,649	0.16%	$512	0.07%
$7,737	0.49%	$12,650	0.80%	$7,598	0.49%	$10,937	0.73%	$12,338	0.86%	$9,782	0.76%	$8,071	0.79%	$8,454	1.13%
$40,484	2.56%	$45,613	2.88%	$44,829	2.84%	$47,735	3.17%	$38,396	2.67%	$36,846	2.87%	$23,023	2.26%	$23,578	3.16%
$787,423	49.86%	$739,288	46.69%	$696,136	44.98%	$677,906	45.08%	$661,532	45.94%	$587,467	45.79%	$452,652	44.42%	$285,862	38.35%
$628,899	39.77%	$662,542	41.85%	$681,517	38.86%	$541,543	36.01%	$523,577	36.36%	$471,861	36.72%	$326,239	32.01%	$231,361	31.0%
$3,081	0.20%	$2,623	0.17%	$943	0.06%	$682	0.04%	$1,838	0.07%	$2,215	0.17%	$1,858	0.18%	$1,225	0.16%
$631,179	39.97%	$665,165	42.01%	$682,461	38.92%	$542,145	36.05%	$524,615	36.43%	$473,276	36.89%	$328,096	32.19%	$232,586	31.20
$156,244	9.89%	$74,043	4.68%	$93,675	6.85%	$135,762	9.03%	$136,917	9.51%	$114,198	8.90%	$124,556	12.22%	$53,277	7.15%
$185,523	11.75%	$169,722	10.72%	$151,957	9.82%	$139,601	9.28%	$132,436	9.20%	$112,347	8.76%	$77,798	7.63%	$48,354	6.49%
($29,279)	-1.85%	($95,679)	-6.04%	($58,282)	-3.77%	($3,840)	-0.26%	$4,481	0.31%	$1,843	0.14%	$46,766	4.59%	$4,923	0.66%

1976	1977	1978	1979	1980	1981	1982	1983
943	943	943	943	943	894	741	611
$1,675	$1,679	$1,641	$1,595	$1,527	$1,435	$1,375	$1,220
$835	$784	$738	$719	$702	$657	$611	$468
($31)	($101)	($62)	($4)	$5	$2	$63	$8

PROPERTIES A,B,C,D,E,F,G,H.
COMBINED STATEMENT OF EARNINGS

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$642,672	99.74%	$916,231	99.46%	$991,033	99.07%	$1,495,317	99.22%	$1,945,761	99.07%	$2,130,215	98.93%
Recoveries	$1,704	0.26%	$5,017	0.54%	$9,343	0.93%	$11,699	0.78%	$18,307	0.93%	$23,058	1.07%
	$644,376	100.00%	$921,248	100.00%	$1,000,376	100.00%	$1,507,016	100.00%	$1,964,068	100.00%	$2,153,273	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$146,836	22.79%	$216,879	23.54%	$217,261	21.72%	$309,143	20.51%	$373,548	19.02%	$430,459	19.99%
Utilities	$49,558	7.69%	$75,057	8.15%	$79,874	7.98%	$125,524	8.33%	$181,412	9.24%	$229,454	10.66%
Wages & employee benefits	$15,558	2.41%	$17,834	1.85%	$19,928	1.99%	$35,907	2.38%	$62,007	3.16%	$78,489	3.65%
Repairs & Maintenence	$48,089	7.45%	$59,966	6.51%	$78,857	7.88%	$135,494	8.99%	$207,886	10.58%	$189,311	8.79%
Insurance	$3,423	0.53%	$2,898	0.31%	$3,718	0.37%	$6,181	0.41%	$9,273	0.47%	$10,201	0.47%
Management fee	$8,579	1.33%	$18,491	2.01%	$20,381	2.04%	$34,653	2.30%	$53,350	2.72%	$54,157	2.52%
	$271,955	42.20%	$390,325	42.37%	$420,019	41.99%	$646,302	42.93%	$887,396	45.18%	$992,071	46.07%
OPERATING INCOME	$372,421	57.80%	$530,923	57.63%	$580,357	58.01%	$860,714	57.07%	$1,076,672	54.82%	$1,161,202	53.93%
ADMINISTRATIVE & GENERAL												
Professional fees	$3,308	0.51%	$3,644	0.40%	$6,256	0.63%	$5,463	0.36%	$6,900	0.35%	$8,881	0.38%
Capital tax	$4,019	0.62%	$5,819	0.63%	$7,153	0.72%	$10,545	0.70%	$17,767	0.90%	$19,498	0.91%
Bad debts	$374	0.06%	$842	0.09%	$751	0.08%	$5,632	0.37%	$4,580	0.23%	$6,026	0.28%
Advertising & rental commissions	$1,085	0.17%	$2,167	0.24%	$1,555	0.16%	$5,998	0.40%	$10,156	0.52%	$6,444	0.30%
Miscellaneous	$4,137	0.64%	$6,064	0.66%	$7,946	0.79%	$6,225	0.41%	$12,189	0.62%	$11,712	0.54%
	$12,923	2.01%	$18,536	2.01%	$23,661	2.37%	$33,863	2.25%	$51,592	2.63%	$51,761	2.40%
EARNINGS BEFORE INTEREST & DEPRECIATION	$359,498	55.79%	$512,387	55.62%	$556,696	55.65%	$826,251	54.83%	$1,025,080	52.19%	$1,109,441	51.52%
INTEREST												
Mortgage	$211,494	32.82%	$311,613	33.83%	$341,126	34.10%	$530,876	35.23%	$791,158	40.28%	$881,427	40.93%
On security deposits	$481	0.07%	$1,611	0.17%	$1,660	0.17%	$2,971	0.20%	$3,580	0.18%	$3,405	0.16%
	$211,975	32.90%	$313,224	34.00%	$342,786	34.27%	$533,847	35.42%	$794,738	40.46%	$884,832	41.09%
EARNINGS BEFORE DEPRECIATION	$147,523	22.89%	$199,163	21.62%	$213,910	21.38%	$292,404	19.40%	$230,342	11.73%	$224,609	10.43%
Depreciation	$123,171	19.11%	$141,173	15.32%	$140,433	14.04%	$208,851	13.86%	$247,820	12.58%	$259,240	12.04%
EARNINGS *	$24,352	3.78%	$57,990	6.29%	$73,477	7.34%	$83,553	5.54%	($16,678)	-0.85%	($34,631)	-1.61%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS	417	535	557	788	891	943
REVENUE PER UNIT	$1,545	$1,722	$1,796	$1,912	$2,204	$2,283
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	$862	$958	$979	$1,049	$1,150	$1,177
EARNINGS PER UNIT	$58	$108	$132	$ 25	($19)	($37)

Schedule 4

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$2,325,591	98.91%	$2,502,190	98.28%	$2,668,199	98.39%	$2,819,419	98.06%	$2,985,867	98.43%	$2,984,899	98.21%	$2,640,121	98.69%	$2,842,715	98.74%
$25,742	1.09%	$43,708	1.72%	$43,590	1.61%	$55,919	1.94%	$47,498	1.57%	$54,461	1.79%	$35,099	1.31%	$25,988	1.25%
$2,351,333	100.00%	$2,545,898	100.00%	$2,711,789	100.00%	$2,875,338	100.00%	$3,032,565	100.00%	$3,039,360	100.00%	$2,675,220	100.00%	$2,868,703	100.00%
$500,446	21.28%	$552,753	21.71%	$594,181	21.91%	$620,284	21.57%	$622,823	20.51%	$621,725	20.46%	$539,993	20.93%	$452,440	21.87%
$291,128	12.38%	$352,962	13.86%	$388,374	14.32%	$408,788	14.22%	$432,264	14.25%	$465,388	15.31%	$401,952	15.03%	$312,047	15.08%
$82,783	3.52%	$95,964	3.77%	$105,782	4.01%	$120,684	4.20%	$115,351	3.80%	$117,764	3.87%	$111,378	4.16%	$85,679	4.14%
$173,767	7.39%	$199,159	7.82%	$241,278	8.90%	$250,712	8.72%	$298,639	9.85%	$269,313	8.86%	$275,233	10.29%	$311,194	15.04%
$13,821	0.59%	$20,475	0.80%	$21,031	0.78%	$19,492	0.68%	$19,048	0.63%	$17,837	0.59%	$15,876	0.59%	$12,391	0.60%
$57,534	2.45%	$62,594	2.46%	$61,375	2.26%	$67,952	2.36%	$71,200	2.35%	$68,337	2.25%	$62,140	2.32%	$36,254	1.75%
$1,118,579	47.57%	$1,283,907	50.43%	$1,411,021	52.18%	$1,487,912	51.75%	$1,558,517	51.39%	$1,560,364	51.34%	$1,426,572	53.33%	$1,220,005	58.49%
$1,232,754	52.43%	$1,261,991	49.57%	$1,296,768	47.82%	$1,387,426	48.25%	$1,474,048	48.61%	$1,478,996	48.66%	$1,248,648	46.67%	$858,698	41.51%
$11,344	0.48%	$13,218	0.52%	$16,110	0.59%	$17,660	0.61%	$18,115	0.60%	$17,383	0.57%	$13,143	0.49%	$21,956	1.06%
$25,145	1.07%	$22,379	0.88%	$25,782	0.95%	$28,132	0.98%	$26,775	0.88%	$27,214	0.90%	$15,407	0.58%	$15,132	0.73%
$4,605	0.20%	$10,967	0.43%	$12,537	0.46%	$12,487	0.43%	$1,726	0.06%	$10,437	0.34%	$6,371	0.24%	$3,461	0.17%
$7,567	0.33%	$6,440	0.25%	$9,477	0.35%	$12,078	0.42%	$8,262	0.27%	$9,350	0.31%	$4,329	0.16%	$1,421	0.07%
$11,520	0.49%	$20,341	0.80%	$13,312	0.49%	$20,912	0.72%	$25,983	0.86%	$22,983	0.76%	$21,186	0.79%	$23,460	1.13%
$60,281	2.56%	$73,345	2.88%	$77,138	2.84%	$91,269	3.17%	$80,861	2.67%	$87,287	2.87%	$60,436	2.26%	$65,430	3.16%
$1,172,473	49.86%	$1,188,646	46.69%	$1,219,630	44.98%	$1,296,157	45.06%	$1,393,187	45.94%	$1,391,709	45.79%	$1,188,212	44.42%	$793,268	38.35%
$935,239	39.77%	$1,065,367	41.85%	$1,053,858	38.86%	$1,035,430	36.01%	$1,102,654	36.36%	$1,113,944	36.72%	$856,377	32.01%	$642,027	31.04%
$4,587	0.20%	$4,218	0.17%	$1,653	0.06%	$1,151	0.04%	$2,186	0.07%	$5,248	0.17%	$4,876	0.18%	$3,398	0.16%
$939,826	39.97%	$1,069,585	42.01%	$1,055,511	38.92%	$1,036,581	36.05%	$1,104,840	36.43%	$1,121,192	36.89%	$861,253	32.19%	$645,425	31.20%
$232,647	9.89%	$119,061	4.68%	$164,119	6.05%	$259,576	9.03%	$288,347	9.51%	$270,517	8.90%	$326,959	12.22%	$147,843	7.15%
$276,244	11.75%	$272,913	10.72%	$266,229	9.82%	$265,918	9.28%	$278,910	9.20%	$266,150	8.76%	$204,198	7.63%	$134,181	6.49%
($43,597)	-1.85%	($153,852)	-6.04%	($102,110)	-3.77%	($7,342)	-0.26%	$9,437	0.31%	$4,367	0.14%	$122,761	4.59%	$13,662	0.66%

1976	1977	1978	1979	1980	1981	1982	1983
943	943	943	943	943	894	741	611
$2,493	$2,700	$2,876	$3,049	$3,216	$3,400	$3,610	$3,386
$1,243	$1,260	$1,293	$1,375	$1,477	$1,557	$1,604	$1,298
($46)	($153)	($100)	($8)	$10	$5	$66	$22

STATEMENT OF EARNINGS
COMBINED BY REGION -
TORONTO

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$360,679	100.00%	$371,777	100.00%	$420,097	100.00%	$690,572	99.63%	$728,615	99.63%	$856,125	99.54%
Recoveries	$0	0.00%	$0	0.00%	$0	0.00%	$2,541	0.37%	$2,689	0.37%	$3,993	0.46%
	$360,679	100.00%	$371,777	100.00%	$420,097	100.00%	$693,113	100.00%	$731,304	100.00%	$860,118	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$83,877	23.26%	$92,456	24.87%	$94,635	22.53%	$157,983	22.79%	$152,443	20.85%	$184,090	21.40%
Utilities	$28,996	5.82%	$26,955	7.25%	$31,491	7.50%	$51,770	7.47%	$62,622	8.56%	$89,949	10.46%
Wages & employee benefits	$9,449	2.62%	$5,806	1.56%	$8,322	1.98%	$16,791	2.42%	$18,286	2.49%	$30,760	3.58%
Repairs & Maintenance	$25,749	7.14%	$24,593	6.61%	$39,038	9.29%	$67,210	9.70%	$84,768	11.59%	$75,488	8.78%
Insurance	$2,314	0.64%	$954	0.26%	$1,853	0.44%	$2,917	0.42%	$2,665	0.36%	$4,568	0.53%
Management fee	$0	0.00%	$0	0.00%	$109	0.03%	$5,752	0.83%	$7,884	1.08%	$7,709	0.90%
	$142,385	39.48%	$150,764	40.55%	$175,448	41.76%	$302,423	43.63%	$328,588	44.93%	$392,564	45.64%
OPERATING INCOME	$218,294	60.52%	$221,013	59.45%	$244,649	58.24%	$390,690	56.37%	$402,716	55.07%	$467,554	54.36%
ADMINISTRATIVE & GENERAL												
Professional fees	$2,072	0.57%	$1,350	0.36%	$5,006	1.19%	$3,664	0.53%	$4,095	0.56%	$4,845	0.56%
Capital tax	$2,419	0.67%	$2,419	0.65%	$3,603	0.86%	$4,645	0.67%	$7,717	1.06%	$9,198	1.07%
Bad debts	$374	0.10%	$842	0.23%	$731	0.17%	$2,078	0.30%	$3,044	0.42%	$2,661	0.31%
Advertising & rental commissions	$810	0.22%	$1,156	0.31%	$1,543	0.37%	$4,154	0.60%	$3,221	0.44%	$2,756	0.32%
Miscellaneous	$1,062	0.29%	$1,323	0.36%	$1,508	0.36%	$2,223	0.32%	$2,049	0.28%	$2,582	0.30%
	$6,737	1.87%	$7,090	1.91%	$12,391	2.95%	$16,764	2.42%	$20,126	2.75%	$22,042	2.56%
EARNINGS BEFORE INTEREST & DEPRECIATION	$211,557	58.66%	$213,923	57.54%	$232,258	55.29%	$373,926	53.95%	$382,590	52.32%	$445,512	51.80%
INTEREST												
Mortgage	$97,393	27.00%	$97,098	26.12%	$128,928	30.69%	$205,826	29.70%	$218,062	29.82%	$293,781	34.16%
On security deposits	$197	0.05%	$477	0.13%	$668	0.16%	$1,760	0.25%	$2,128	0.29%	$2,012	0.23%
	$97,590	27.06%	$97,575	26.25%	$129,596	30.85%	$207,586	29.95%	$220,190	30.11%	$295,793	34.39%
EARNINGS BEFORE DEPRECIATION	$113,967	31.60%	$116,348	31.30%	$102,662	24.44%	$166,340	24.00%	$162,400	22.21%	$149,719	17.41%
Depreciation	$85,071	23.59%	$79,062	21.27%	$84,727	20.17%	$118,517	17.10%	$114,576	15.67%	$127,940	14.87%
EARNINGS *	$28,896	8.01%	$37,286	10.03%	$17,935	4.27%	$47,823	6.90%	$47,824	6.54%	$21,779	2.53%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS	217	217	239	368	368	420
REVENUE PER UNIT	$1,662	$1,713	$1,758	$1,883	$1,987	$2,048
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	$975	$986	$972	$1,016	$1,040	$1,061
EARNINGS PER UNIT	$133	$172	$75	$130	$130	$52

Schedule 5

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$957,424	99.59%	$1,031,608	99.12%	$1,099,329	99.68%	$1,155,597	98.97%	$1,219,535	99.64%	$1,293,816	98.98%	$1,118,059	99.84%	$1,245,970	99.93%
$3,983	0.41%	$9,149	0.88%	$3,503	0.32%	$11,975	1.03%	$4,364	0.36%	$13,290	1.02%	$1,760	0.16%	$858	0.07%
$961,407	100.00%	$1,040,757	100.00%	$1,102,832	100.00%	$1,167,572	100.00%	$1,223,899	100.00%	$1,306,306	100.00%	$1,119,819	100.00%	$1,246,828	100.00%
$212,757	22.13%	$235,421	22.62%	$263,813	23.85%	$273,431	23.38%	$283,942	23.20%	$299,004	22.89%	$266,671	23.81%	$295,743	23.72%
$105,672	10.99%	$137,820	13.17%	$149,979	13.60%	$162,852	13.88%	$164,000	13.40%	$172,887	13.23%	$141,929	12.67%	$155,544	12.48%
$33,162	3.45%	$36,394	3.50%	$45,886	4.15%	$46,595	3.99%	$48,380	3.95%	$50,479	3.86%	$49,206	4.39%	$49,154	3.94%
$66,722	6.94%	$79,428	7.63%	$105,967	9.61%	$110,595	9.47%	$143,642	11.74%	$129,394	9.91%	$141,337	12.62%	$149,324	11.99%
$6,268	0.65%	$9,284	0.89%	$9,434	0.86%	$8,986	0.77%	$8,404	0.69%	$8,456	0.65%	$7,222	0.64%	$7,466	0.60%
$8,674	0.90%	$10,433	1.00%	$9,216	0.84%	$8,831	0.76%	$8,447	0.69%	$8,696	0.67%	$0	0.00%	$228	0.02%
$433,255	45.06%	$507,980	48.81%	$583,415	52.90%	$610,990	52.25%	$656,815	53.67%	$668,836	51.20%	$606,365	54.15%	$657,651	52.75%
$528,152	54.94%	$532,777	51.19%	$519,417	47.10%	$557,482	47.75%	$567,084	46.33%	$637,470	48.80%	$513,454	45.85%	$589,169	47.25%
$8,328	0.87%	$9,737	0.94%	$11,361	1.05%	$12,140	1.04%	$13,587	1.11%	$14,265	1.09%	$10,243	0.91%	$19,606	1.57%
$12,495	1.30%	$9,229	0.89%	$12,352	1.12%	$12,332	1.06%	$10,175	0.83%	$12,214	0.94%	$9,107	0.81%	$8,832	0.71%
$3,360	0.35%	$9,588	0.91%	$10,173	0.92%	$10,091	0.86%	($475)	-0.04%	$10,532	0.81%	$5,594	0.50%	$3,461	0.28%
$4,466	0.46%	$6,365	0.61%	$6,578	0.60%	$10,924	0.94%	$6,843	0.56%	$4,615	0.35%	$815	0.07%	$1,421	0.11%
$2,465	0.26%	$7,368	0.71%	$4,865	0.44%	$7,725	0.66%	$13,192	1.08%	$11,784	0.90%	$12,618	1.13%	$16,748	1.34%
$31,114	3.24%	$42,199	4.05%	$45,329	4.13%	$53,212	4.56%	$43,322	3.54%	$53,410	4.09%	$38,377	3.43%	$50,068	4.02%
$497,038	51.70%	$490,578	47.14%	$473,888	42.97%	$504,270	43.19%	$523,762	42.79%	$584,060	44.71%	$475,077	42.42%	$539,101	43.24%
$354,321	36.86%	$450,641	43.30%	$443,514	40.22%	$435,497	37.30%	$443,386	36.22%	$465,225	35.61%	$421,691	37.66%	$478,835	37.92%
$2,949	0.31%	$3,389	0.33%	$1,653	0.15%	$1,151	0.10%	$2,186	0.18%	$2,233	0.17%	$4,876	0.44%	$3,398	0.27%
$357,470	37.18%	$454,030	43.62%	$445,167	40.37%	$436,648	37.40%	$445,492	36.40%	$467,458	35.78%	$426,567	38.09%	$476,253	38.20%
$139,568	14.52%	$36,548	3.51%	$28,721	2.60%	$67,622	5.79%	$78,270	6.40%	$116,602	8.93%	$48,510	4.33%	$62,848	5.04%
$140,946	14.66%	$135,711	13.04%	$132,959	12.06%	$130,816	11.20%	$131,295	10.73%	$127,584	9.76%	$92,954	8.30%	$88,948	7.13%
($1,378)	-0.14%	($99,163)	-9.53%	($104,238)	-9.45%	($63,194)	-5.41%	($53,825)	-4.33%	($10,982)	-0.83%	($44,444)	-3.97%	($26,100)	-2.09%

1976	1977	1978	1979	1980	1981	1982	1983
420	420	420	420	420	420	336	336
$2,289	$2,478	$2,626	$2,780	$2,914	$3,110	$3,333	$3,711
$1,183	$1,168	$1,128	$1,201	$1,247	$1,391	$1,414	$1,604
($3)	($236)	($248)	($150)	($126)	($26)	($132)	($78)

	1970	1971	1972	1973	1974	1975
Average CPI for year(Base year 1971)	97.2	100.0	104.8	112.7	125.0	138.5
Average inflation rate over previous year (Base year 1970)	3.29%	2.88%	4.80%	7.54%	10.91%	10.80%

STATEMENT OF EARNINGS
COMBINED BY REGION -
TORONTO
ADJUSTED FOR INFLATION

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$371,869	100.00%	$371,777	100.00%	$400,856	100.00%	$612,752	99.63%	$582,892	99.63%	$618,141	99.54%
Recoveries	$0	0.00%	$0	0.00%	$0	0.00%	$2,255	0.37%	$2,151	0.37%	$2,883	0.46%
	$371,869	100.00%	$371,777	100.00%	$400,856	100.00%	$615,007	100.00%	$585,043	100.00%	$621,024	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$86,293	23.26%	$92,456	24.87%	$90,301	22.53%	$140,100	22.79%	$121,954	20.85%	$132,917	21.40%
Utilities	$21,681	5.82%	$26,955	7.25%	$30,049	7.50%	$45,936	7.47%	$50,898	8.56%	$64,945	10.46%
Wages & employee benefits	$9,721	2.62%	$5,806	1.56%	$7,941	1.98%	$14,899	2.42%	$14,565	2.49%	$22,209	3.58%
Repairs & Maintenance	$26,491	7.14%	$24,593	6.61%	$37,250	9.29%	$59,636	9.70%	$67,814	11.59%	$54,584	8.78%
Insurance	$2,381	0.64%	$954	0.26%	$1,768	0.44%	$2,588	0.42%	$2,132	0.36%	$3,298	0.53%
Management fee	$0	0.00%	$0	0.00%	$104	0.03%	$5,104	0.83%	$6,387	1.09%	$5,566	0.90%
	$146,487	39.40%	$150,764	40.55%	$167,412	41.76%	$268,343	43.63%	$262,870	44.93%	$283,440	45.64%
OPERATING INCOME	$224,582	60.52%	$221,013	59.45%	$233,444	58.24%	$346,664	56.37%	$322,173	55.07%	$337,584	54.36%
ADMINISTRATIVE & GENERAL												
Professional fees	$2,132	0.57%	$1,350	0.36%	$4,777	1.19%	$3,251	0.53%	$3,276	0.56%	$3,498	0.56%
Capital tax	$2,489	0.67%	$2,419	0.65%	$3,438	0.86%	$4,122	0.67%	$6,174	1.06%	$6,641	1.07%
Bad debts	$385	0.10%	$842	0.23%	$698	0.17%	$1,844	0.30%	$2,435	0.42%	$1,921	0.31%
Advertising & rental commissions	$833	0.22%	$1,156	0.31%	$1,472	0.37%	$3,686	0.60%	$2,577	0.44%	$1,990	0.32%
Miscellaneous	$1,093	0.29%	$1,323	0.36%	$1,439	0.36%	$1,972	0.32%	$1,639	0.28%	$1,864	0.30%
	$6,931	1.87%	$7,090	1.91%	$11,823	2.95%	$14,875	2.42%	$16,101	2.75%	$15,915	2.56%
EARNINGS BEFORE INTEREST & DEPRECIATION	$217,651	58.66%	$213,923	57.54%	$221,620	55.29%	$331,789	53.95%	$306,072	52.32%	$321,669	51.80%
INTEREST												
Mortgage	$100,199	27.00%	$97,098	26.12%	$123,823	30.89%	$182,632	29.70%	$174,458	29.82%	$212,116	34.16%
On security deposits	$283	0.05%	$477	0.13%	$637	0.16%	$1,562	0.25%	$1,702	0.29%	$1,453	0.23%
	$100,481	27.06%	$97,575	26.25%	$123,660	30.85%	$184,193	29.95%	$176,152	30.11%	$213,569	34.39%
EARNINGS BEFORE DEPRECIATION	$117,250	31.60%	$116,348	31.30%	$97,960	24.44%	$147,595	24.00%	$129,920	22.21%	$108,100	17.41%
Depreciation	$87,522	23.59%	$79,062	21.27%	$80,846	20.17%	$105,161	17.10%	$91,661	15.67%	$92,375	14.87%
EARNINGS *	$29,728	8.01%	$37,286	10.03%	$17,114	4.27%	$42,434	6.90%	$38,259	6.54%	$15,725	2.53%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS	217	217	239	368	368	420
REVENUE PER UNIT	$1,710	$1,713	$1,677	$1,671	$1,590	$1,479
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	$1,003	$986	$927	$982	$832	$766
EARNINGS PER UNIT	$137	$172	$72	$115	$104	$37

Schedule 6

1976	1977	1978	1979	1980	1981	1982	1983
148.9	160.8	175.2	191.2	210.6	236.9	262.5	277.5
7.51%	7.99%	8.96%	9.13%	10.15%	12.49%	10.81%	5.71%

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$642,998	99.59%	$641,547	99.12%	$627,471	99.68%	$604,392	98.97%	$579,076	99.64%	$545,807	98.98%	$425,927	99.84%	$448,998	99.93%
$2,675	0.41%	$5,690	0.88%	$1,999	0.32%	$6,263	1.03%	$2,072	0.36%	$5,610	1.02%	$670	0.16%	$306	0.07%
$645,673	100.00%	$647,237	100.00%	$629,470	100.00%	$610,655	100.00%	$581,149	100.00%	$551,417	100.00%	$426,598	100.00%	$449,305	100.00%
$142,886	22.13%	$146,406	22.62%	$150,122	23.85%	$142,799	23.38%	$134,825	23.20%	$126,215	22.89%	$101,589	23.81%	$106,574	23.72%
$70,958	10.99%	$85,211	13.17%	$85,684	13.60%	$84,755	13.88%	$77,873	13.40%	$72,945	13.23%	$54,868	12.87%	$56,852	12.65%
$22,271	3.45%	$22,633	3.50%	$26,145	4.15%	$24,378	3.99%	$22,972	3.95%	$21,388	3.86%	$18,745	4.39%	$17,713	3.94%
$44,810	6.94%	$49,396	7.63%	$60,483	9.61%	$57,843	9.47%	$68,286	11.74%	$54,628	9.91%	$53,843	12.62%	$53,883	11.99%
$4,210	0.65%	$5,774	0.89%	$5,385	0.86%	$4,700	0.77%	$3,991	0.69%	$3,569	0.65%	$2,751	0.64%	$2,690	0.60%
$5,825	0.90%	$6,488	1.00%	$5,268	0.84%	$4,619	0.76%	$4,011	0.69%	$3,671	0.67%	$0	0.00%	$379	0.08%
$290,970	45.06%	$315,908	48.81%	$332,999	52.90%	$319,085	52.25%	$311,878	53.67%	$282,328	51.20%	$230,996	54.15%	$236,991	52.75%
$354,702	54.94%	$331,329	51.19%	$296,471	47.10%	$291,570	47.75%	$269,271	46.33%	$269,088	48.80%	$195,602	45.85%	$212,313	47.25%
$5,593	0.87%	$6,055	0.94%	$6,599	1.05%	$6,349	1.04%	$6,432	1.11%	$6,022	1.09%	$3,980	0.91%	$7,055	1.57%
$8,392	1.30%	$5,739	0.89%	$7,056	1.12%	$6,458	1.06%	$4,831	0.83%	$5,156	0.94%	$3,469	0.81%	$3,183	0.71%
$2,257	0.35%	$5,913	0.91%	$5,987	0.92%	$5,278	0.86%	($226)	-0.04%	$4,446	0.81%	$2,131	0.50%	$1,247	0.28%
$2,999	0.46%	$3,958	0.61%	$3,755	0.60%	$5,713	0.94%	$3,249	0.56%	$1,948	0.35%	$310	0.07%	$512	0.11%
$1,655	0.26%	$4,577	0.71%	$2,777	0.44%	$4,040	0.66%	$6,264	1.08%	$4,574	0.50%	$4,807	1.13%	$6,825	1.34%
$20,896	3.24%	$26,243	4.05%	$25,987	4.13%	$27,831	4.56%	$20,571	3.54%	$22,545	4.09%	$14,620	3.43%	$18,043	4.02%
$333,807	51.70%	$305,086	47.14%	$270,484	42.97%	$263,740	43.19%	$248,700	42.79%	$246,543	44.71%	$180,982	42.42%	$194,271	43.24%
$238,893	36.88%	$200,249	43.38%	$253,147	40.22%	$227,770	37.30%	$210,497	36.22%	$196,380	35.61%	$160,644	37.66%	$170,298	37.92%
$1,981	0.31%	$2,186	0.33%	$943	0.15%	$682	0.10%	$1,038	0.18%	$943	0.17%	$1,858	0.44%	$1,225	0.27%
$240,874	37.18%	$202,357	43.62%	$254,091	40.37%	$228,372	37.40%	$211,535	36.40%	$197,323	35.78%	$162,502	38.09%	$171,623	38.20%
$93,733	14.52%	$22,729	3.51%	$16,393	2.60%	$35,367	5.79%	$37,165	6.40%	$49,220	8.93%	$18,480	4.33%	$22,648	5.04%
$94,650	14.66%	$84,397	13.04%	$75,898	12.06%	$68,418	11.20%	$62,343	10.73%	$53,822	9.76%	$35,411	8.30%	$32,053	7.13%
($925)	-0.14%	($61,669)	-9.53%	($59,497)	-9.45%	($33,051)	-5.41%	($25,178)	-4.33%	($4,682)	-0.83%	($16,931)	-3.97%	($9,485)	-2.09%

1976	1977	1978	1979	1980	1981	1982	1983
420	420	420	420	420	420	336	336
$1,537	$1,541	$1,499	$1,454	$1,384	$1,313	$1,270	$1,337
$795	$726	$644	$628	$592	$587	$539	$578
($2)	($147)	($142)	($79)	($60)	($11)	($50)	($28)

STATEMENT OF EARNINGS
COMBINED BY REGION -
DENMAR

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals		ERR	$244,415	98.66%	$265,517	97.21%	$272,738	98.64%	$285,963	98.93%	$298,704	98.75%
Recoveries		ERR	$3,315	1.34%	$7,615	2.79%	$3,769	1.36%	$3,083	1.07%	$3,795	1.25%
	$0	ERR	$247,730	100.00%	$273,132	100.00%	$276,507	100.00%	$289,046	100.00%	$302,499	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes		ERR	$61,533	24.84%	$61,232	22.42%	$60,022	21.71%	$61,868	21.40%	$65,294	21.58%
Utilities		ERR	$21,583	8.71%	$22,006	8.06%	$23,052	8.34%	$25,229	8.73%	$28,906	9.56%
Wages & employee benefits		ERR	$6,012	2.43%	$6,228	2.28%	$6,782	2.45%	$7,191	2.49%	$6,165	2.04%
Repairs & Maintenance		ERR	$16,031	6.47%	$18,282	6.69%	$22,697	8.21%	$20,160	6.97%	$21,000	6.97%
Insurance		ERR	$863	0.35%	$826	0.30%	$826	0.30%	$1,046	0.36%	$1,148	0.38%
Management fee		ERR	$7,425	3.00%	$8,062	2.95%	$8,293	3.00%	$11,586	4.01%	$12,182	4.00%
	$0	ERR	$113,447	45.79%	$116,616	42.70%	$121,672	44.00%	$127,080	43.97%	$134,695	44.53%
OPERATING INCOME	$0	ERR	$134,283	54.21%	$156,516	57.30%	$154,835	56.00%	$161,966	56.03%	$167,804	55.47%
ADMINISTRATIVE & GENERAL												
Professional fees		ERR	$1,794	0.72%	$700	0.26%	$699	0.25%	$1,155	0.40%	$1,336	0.44%
Capital tax		ERR	$1,308	0.52%	$1,450	0.53%	$1,680	0.58%	$1,850	0.64%	$2,000	0.66%
Bad debts		ERR	$0	0.00%	$270	0.01%	$106	0.04%	$443	0.15%	$0	0.00%
Advertising & rental commissions		ERR	$752	0.30%	$0	0.00%	$314	0.11%	$451	0.16%	$0	0.00%
Miscellaneous		ERR	$2,115	0.85%	$2,241	0.82%	$2,008	1.02%	$3,387	1.17%	$3,513	1.16%
	$0	ERR	$6,361	2.41%	$4,411	1.61%	$5,527	2.00%	$7,286	2.52%	$6,849	2.26%
EARNINGS BEFORE INTEREST & DEPRECIATION	$0	ERR	$128,322	51.80%	$152,105	55.69%	$149,308	54.00%	$154,680	53.51%	$160,955	53.21%
INTEREST												
Mortgage		ERR	$101,398	40.93%	$100,253	36.70%	$90,731	32.81%	$97,884	33.86%	$96,074	31.76%
On security deposits		ERR	$1,134	0.46%	$992	0.36%	$1,211	0.44%	$1,452	0.50%	$1,393	0.46%
	$0	ERR	$102,532	41.39%	$101,245	37.07%	$91,942	33.25%	$99,336	34.37%	$97,467	32.22%
EARNINGS BEFORE DEPRECIATION	$0	ERR	$25,790	10.41%	$50,860	18.62%	$57,366	20.75%	$55,344	19.15%	$63,488	20.99%
Depreciation		ERR	$23,811	9.61%	$17,486	6.37%	$18,230	6.59%	$21,404	7.41%	$19,644	6.49%
EARNINGS *	$0	ERR	$1,979	0.00%	$33,454	12.25%	$39,136	14.15%	$33,940	11.74%	$43,844	14.49%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS		118	118	118	118	118
REVENUE PER UNIT	ERR	$2,099	$2,315	$2,343	$2,450	$2,564
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	ERR	$1,087	$1,289	$1,265	$1,311	$1,364
EARNINGS PER UNIT	ERR	$17	$284	$332	$288	$372

Schedule 7

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$320,985	99.06%	$341,314	96.86%	$363,518	96.94%	$385,689	96.68%	$410,796	96.58%	$251,667	96.90%		ERR		ERR
$3,837	0.94%	$11,071	3.14%	$11,476	3.06%	$13,252	3.32%	$14,565	3.42%	$8,059	3.10%		ERR		ERR
$324,822	100.00%	$352,385	100.00%	$374,994	100.00%	$398,941	100.00%	$425,361	100.00%	$259,726	100.00%	$0	ERR	$0	ERR
$69,390	21.42%	$75,539	21.44%	$75,839	20.22%	$80,596	20.20%	$84,874	19.95%	$49,681	19.10%		ERR		ERR
$37,976	11.72%	$54,095	15.35%	$57,773	15.41%	$62,348	15.63%	$66,291	15.58%	$39,984	15.39%		ERR		ERR
$7,142	2.20%	$10,286	2.90%	$11,457	3.06%	$12,791	3.21%	$12,867	3.02%	$8,120	3.13%		ERR		ERR
$13,254	4.09%	$15,891	5.64%	$30,321	8.14%	$32,945	8.26%	$31,401	7.38%	$15,605	6.01%		ERR		ERR
$1,148	0.35%	$2,657	0.75%	$2,670	0.71%	$2,107	0.55%	$2,365	0.56%	$1,340	0.52%		ERR		ERR
$12,961	4.00%	$14,095	4.00%	$12,512	3.34%	$11,968	3.00%	$12,761	3.00%	$7,792	3.00%		ERR		ERR
$141,871	43.78%	$176,483	50.08%	$190,772	50.87%	$202,835	50.84%	$210,559	49.50%	$122,442	47.14%	$0	ERR	$0	ERR
$182,151	56.22%	$175,982	49.92%	$184,222	49.13%	$196,105	49.16%	$214,802	50.50%	$137,284	52.86%	$0	ERR	$0	ERR
$816	0.25%	$1,181	0.34%	$2,149	0.57%	$3,020	0.76%	$1,828	0.43%	$238	0.09%		ERR		ERR
$2,150	0.66%	$2,300	0.65%	$2,450	0.65%	$2,500	0.63%	$3,000	0.71%	$1,400	0.54%		ERR		ERR
$0	0.00%	$5	.00%	$0	0.00%	$481	0.12%	$619	0.15%	($962)	-0.37%		ERR		ERR
$0	.00%	$0	0.00%	$1,211	0.32%	$0	0.00%	$0	0.00%	$0	0.00%		ERR		ERR
$3,213	0.99%	$4,721	1.34%	$3,815	1.02%	$6,357	1.59%	$5,279	1.24%	$3,040	1.17%		ERR		ERR
$6,187	1.91%	$8,207	2.33%	$9,625	2.57%	$12,358	3.10%	$10,726	2.52%	$3,716	1.43%	$0	ERR	$0	ERR
$175,964	54.31%	$167,695	47.59%	$174,597	46.56%	$183,748	46.06%	$204,076	47.98%	$133,568	51.43%	$0	ERR	$0	ERR
$94,488	29.16%	$143,611	40.75%	$145,755	38.87%	$142,368	35.69%	$142,485	33.50%	$139,470	53.70%		ERR		ERR
$1,638	0.51%	$829	0.24%	$0	0.00%	$0	0.00%	$0	0.00%	$3,015	1.16%		ERR		ERR
$96,126	29.67%	$144,440	40.99%	$145,755	38.87%	$142,368	35.69%	$142,485	33.50%	$142,485	54.86%	$0	ERR	$0	ERR
$79,838	24.64%	$23,255	6.60%	$28,842	7.69%	$41,380	10.37%	$61,591	14.48%	($8,917)	-3.43%	$0	ERR	$0	ERR
$22,944	7.08%	$24,638	6.99%	$26,456	7.06%	$28,409	7.12%	$30,586	7.19%	$19,117	7.36%		ERR		ERR
$56,894	17.56%	($1,383)	-0.39%	$2,386	0.64%	$12,971	3.25%	$31,005	7.31%	($28,034)	-10.79%	$0	ERR	$0	ERR

1976	1977	1978	1979	1980	1981	1982	1983
118	118	118	118	118	69		
$2,746	$2,986	$3,178	$3,381	$3,685	$3,764	ERR	ERR
$1,491	$1,421	$1,480	$1,557	$1,729	$1,936	ERR	ERR
$482	($12)	$20	$110	$263	($406)	ERR	ERR

	1970	1971	1972	1973	1974	1975
Average CPI for year(Base year 1971)	97.2	100.0	104.8	112.7	125.0	138.5
Average inflation rate over previous year (Base year 1970)	3.29%	2.88%	4.80%	7.54%	10.91%	10.80%

STATEMENT OF EARNINGS
COMBINED BY REGION -
OSHAWA
ADJUSTED FOR INFLATION

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals		ERR	$244,415	98.66%	$253,356	97.21%	$242,004	98.64%	$228,770	98.93%	$215,671	98.75%
Recoveries		ERR	$3,315	1.34%	$7,266	2.79%	$3,344	1.36%	$2,466	1.07%	$2,740	1.25%
	$0	ERR	$247,730	100.00%	$260,622	100.00%	$245,348	100.00%	$231,237	100.00%	$218,411	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes		ERR	$61,533	24.84%	$58,427	22.42%	$53,258	21.71%	$49,494	21.40%	$47,144	21.58%
Utilities		ERR	$21,583	8.71%	$20,998	8.06%	$20,454	8.34%	$20,183	8.73%	$20,671	9.56%
Wages & employee benefits		ERR	$6,012	2.43%	$5,943	2.28%	$6,018	2.45%	$5,753	2.49%	$4,451	2.04%
Repairs & Maintenance		ERR	$16,031	6.47%	$17,445	6.69%	$20,139	8.21%	$16,128	6.97%	$15,220	6.97%
Insurance		ERR	$863	0.35%	$769	0.30%	$733	0.30%	$837	0.36%	$829	0.38%
Management fee		ERR	$7,425	3.00%	$7,693	2.95%	$7,358	3.00%	$9,269	4.01%	$8,738	4.00%
	$0	ERR	$113,447	45.79%	$111,275	42.70%	$107,961	44.00%	$101,664	43.97%	$97,253	44.53%
NET OPERATING INCOME	$0	ERR	$134,283	54.21%	$149,347	57.30%	$137,387	56.00%	$129,573	56.03%	$121,158	55.47%
ADMINISTRATIVE & GENERAL												
Professional fees		ERR	$1,794	0.72%	$668	0.26%	$620	0.25%	$924	0.40%	$965	0.44%
Capital tax		ERR	$1,300	0.52%	$1,384	0.53%	$1,420	0.58%	$1,488	0.64%	$1,444	0.66%
Bad debts		ERR	$0	0.00%	$19	0.01%	$94	0.04%	$354	0.15%	$0	0.00%
Advertising & rental commissions		ERR	$752	0.30%	$0	0.00%	$279	0.11%	$361	0.16%	$0	0.00%
Miscellaneous		ERR	$2,115	0.85%	$2,138	0.82%	$2,492	1.02%	$2,718	1.17%	$2,536	1.16%
	$0	ERR	$5,961	2.41%	$4,209	1.61%	$4,904	2.00%	$5,829	2.52%	$4,945	2.26%
EARNINGS BEFORE INTEREST & DEPRECIATION	$0	ERR	$128,322	51.80%	$145,138	55.69%	$132,483	54.00%	$123,744	53.51%	$116,213	53.21%
INTEREST												
Mortgage		ERR	$101,398	40.93%	$95,661	36.70%	$80,507	32.81%	$78,387	33.86%	$69,368	31.76%
On security dep[illegible]		ERR	$1,134	0.46%	$947	0.36%	$1,075	0.44%	$1,162	0.50%	$1,006	0.46%
	$0	ERR	$102,532	41.39%	$96,608	37.07%	$81,581	33.25%	$79,469	34.37%	$70,373	32.22%
EARNINGS BEFORE DEPRECIATION	$0	ERR	$25,790	10.41%	$48,531	18.62%	$50,902	20.75%	$44,275	19.15%	$45,840	20.99%
Depreciation		ERR	$23,811	9.61%	$16,609	6.37%	$16,176	6.59%	$17,123	7.41%	$14,183	6.49%
EARNINGS *	$0	ERR	$1,979	0.80%	$31,922	12.25%	$34,726	14.15%	$27,152	11.74%	$31,656	14.49%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS		118	118	118	118	118
REVENUE PER UNIT	ERR	$2,099	$2,209	$2,079	$1,960	$1,851
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	ERR	$1,087	$1,230	$1,123	$1,049	$985
EARNINGS PER UNIT	ERR	$17	$271	$294	$238	$268

Schedule 8

1976	1977	1978	1979	1980	1981	1982	1983
148.9	160.8	175.2	191.2	210.6	236.9	262.5	277.5
7.51%	7.99%	8.96%	9.13%	10.15%	12.49%	10.81%	5.71%

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$215,571	99.06%	$212,260	96.86%	$207,487	96.94%	$201,720	96.68%	$195,060	96.58%	$106,233	96.90%		ERR		ERR
$2,046	0.94%	$6,885	3.14%	$6,550	3.06%	$6,931	3.32%	$6,916	3.42%	$3,402	3.10%		ERR		ERR
$217,618	100.00%	$219,145	100.00%	$214,038	100.00%	$208,651	100.00%	$201,976	100.00%	$109,635	100.00%	$0	ERR	$0	ERR
$46,682	21.42%	$46,977	21.44%	$43,287	20.22%	$42,153	20.20%	$40,301	19.95%	$20,938	19.10%		ERR		ERR
$25,584	11.72%	$33,641	15.35%	$32,975	15.41%	$32,609	15.63%	$31,477	15.58%	$16,878	15.39%		ERR		ERR
$4,797	2.20%	$6,347	2.90%	$6,539	3.06%	$6,690	3.21%	$6,110	3.02%	$3,428	3.13%		ERR		ERR
$8,981	4.09%	$12,370	5.64%	$17,421	8.14%	$17,231	8.26%	$14,910	7.38%	$6,587	6.01%		ERR		ERR
$771	0.35%	$1,652	0.75%	$1,524	0.71%	$1,144	0.55%	$1,123	0.56%	$566	0.52%		ERR		ERR
$8,784	4.00%	$8,766	4.00%	$7,142	3.34%	$6,259	3.00%	$6,059	3.00%	$3,289	3.00%		ERR		ERR
$95,279	43.78%	$109,753	50.08%	$108,888	50.87%	$106,085	50.84%	$99,981	49.50%	$51,685	47.14%	$0	ERR	$0	ERR
$122,331	56.22%	$109,392	49.92%	$105,150	49.13%	$102,566	49.16%	$101,995	50.50%	$57,950	52.86%	$0	ERR	$0	ERR
$548	0.25%	$734	0.34%	$1,227	0.57%	$1,579	0.76%	$868	0.43%	$100	0.09%		ERR		ERR
$1,444	0.66%	$1,430	0.65%	$1,398	0.65%	$1,308	0.63%	$1,425	0.71%	$591	0.54%		ERR		ERR
$0	0.00%	$3	.00%	$0	0.00%	$252	0.12%	$294	0.15%	($406)	-0.37%		ERR		ERR
$5	.00%	$0	0.00%	$691	0.32%	$0	0.00%	$0	0.00%	$0	0.00%		ERR		ERR
$2,158	0.99%	$2,936	1.34%	$2,178	1.02%	$3,325	1.59%	$2,507	1.24%	$1,283	1.17%		ERR		ERR
$4,153	1.91%	$5,104	2.33%	$5,494	2.57%	$6,463	3.10%	$5,093	2.52%	$1,569	1.43%	$0	ERR	$0	ERR
$118,176	54.31%	$104,288	47.59%	$99,656	46.56%	$96,103	46.06%	$96,902	47.98%	$56,382	51.43%	$0	ERR	$0	ERR
$63,457	29.16%	$89,310	40.75%	$83,193	38.87%	$74,460	35.69%	$67,657	33.50%	$58,873	53.70%		ERR		ERR
$1,100	0.51%	$516	0.24%	$0	0.00%	$0	0.00%	$0	0.00%	$1,273	1.16%		ERR		ERR
$64,557	29.67%	$89,826	40.99%	$83,193	38.87%	$74,460	35.69%	$67,657	33.50%	$60,146	54.86%	$0	ERR	$0	ERR
$53,619	24.64%	$14,462	6.60%	$16,462	7.69%	$21,642	10.37%	$29,245	14.48%	($3,764)	-3.43%	$0	ERR	$0	ERR
$15,409	7.08%	$15,322	6.99%	$15,100	7.06%	$14,858	7.12%	$14,485	7.17%	$8,070	7.36%		ERR		ERR
$38,210	17.56%	($860)	-0.39%	$1,362	0.64%	$6,784	3.25%	$14,760	7.31%	($11,834)	-10.79%	$0	ERR	$0	ERR

1976	1977	1978	1979	1980	1981	1982	1983
118	118	118	118	118	69		
$1,844	$1,857	$1,814	$1,768	$1,712	$1,589	ERR	ERR
$1,001	$884	$845	$814	$821	$817	ERR	ERR
$324	($7)	$12	$57	$125	($172)	ERR	ERR

STATEMENT OF EARNINGS
COMBINED BY REGION -
OTTAWA

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals	$281,993	99.40%	$300,039	99.44%	$305,419	99.44%	$407,463	99.15%	$787,552	98.69%	$816,134	98.62%
Recoveries	$1,704	0.60%	$1,702	0.56%	$1,728	0.56%	$3,513	0.85%	$10,489	1.31%	$11,416	1.38%
	$283,697	100.00%	$301,741	100.00%	$307,147	100.00%	$410,976	100.00%	$798,041	100.00%	$827,550	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes	$62,959	22.19%	$62,890	20.84%	$61,394	19.99%	$74,680	18.17%	$141,592	17.74%	$159,890	19.32%
Utilities	$28,562	10.07%	$26,519	8.79%	$26,377	8.59%	$37,389	9.08%	$74,974	9.39%	$82,413	9.96%
Wages & employee benefits	$6,101	2.15%	$5,216	1.73%	$5,378	1.75%	$6,768	2.13%	$31,956	4.00%	$32,595	3.94%
Repairs & Maintenance	$22,268	7.85%	$19,342	6.41%	$21,537	7.01%	$32,462	7.90%	$86,049	10.78%	$70,863	8.56%
Insurance	$1,109	0.39%	$1,081	0.36%	$1,059	0.34%	$1,674	0.41%	$4,689	0.59%	$3,559	0.43%
Management fee	$8,379	3.02%	$11,066	3.67%	$12,210	3.98%	$15,672	3.81%	$28,012	3.51%	$27,928	3.37%
	$129,578	45.67%	$126,114	41.80%	$127,955	41.66%	$170,565	41.50%	$367,272	46.02%	$377,248	45.59%
OPERATING INCOME	$154,127	54.33%	$175,627	58.20%	$179,192	58.34%	$240,411	58.50%	$430,769	53.98%	$450,302	54.41%
ADMINISTRATIVE & GENERAL												
Professional fees	$1,236	0.44%	$500	0.17%	$550	0.18%	$700	0.17%	$1,150	0.14%	$1,300	0.16%
Capital tax	$1,600	0.56%	$2,100	0.70%	$2,100	0.68%	$3,100	0.75%	$7,000	0.88%	$7,100	0.86%
Bad debts	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$145	0.02%	$250	0.03%
Advertising & rental commissions	$275	0.10%	$259	0.09%	$12	.00%	$424	0.10%	$6,484	0.81%	$3,688	0.45%
Miscellaneous	$3,075	1.08%	$2,626	0.87%	$4,197	1.37%	$1,123	0.27%	$3,331	0.42%	$1,559	0.19%
	$6,186	2.18%	$5,485	1.82%	$6,859	2.23%	$5,347	1.30%	$18,110	2.27%	$14,037	1.70%
EARNINGS BEFORE INTEREST & DEPRECIATION	$147,941	52.15%	$170,142	56.39%	$172,333	56.11%	$235,064	57.20%	$412,659	51.71%	$436,265	52.72%
INTEREST												
Mortgage	$114,101	40.22%	$113,117	37.49%	$111,945	36.45%	$174,562	42.47%	$410,792	51.48%	$428,011	51.72%
On security deposits	$284	0.10%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
	$114,385	40.32%	$113,117	37.49%	$111,945	36.45%	$174,562	42.47%	$410,792	51.48%	$428,011	51.72%
EARNINGS BEFORE DEPRECIATION	$33,556	11.83%	$57,025	18.90%	$60,388	19.66%	$60,502	14.72%	$1,867	0.23%	$8,254	1.00%
Depreciation	$38,100	13.43%	$38,300	12.69%	$38,300	12.47%	$51,971	12.65%	$102,251	12.81%	$102,496	12.39%
EARNINGS *	($4,544)	-1.60%	$18,725	6.21%	$22,088	7.19%	$8,531	2.08%	($100,384)	-12.58%	($94,242)	-11.39%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS	200	200	200	227	330	330
REVENUE PER UNIT	$1,418	$1,509	$1,536	$1,810	$2,418	$2,508
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	$740	$851	$862	$1,036	$1,250	$1,322
EARNINGS PER UNIT	($23)	$94	$110	$38	($304)	($286)

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$868,599	98.55%	$937,923	98.40%	$1,001,897	98.48%	$1,059,372	98.40%	$1,124,634	98.83%	$1,191,091	98.63%	$1,258,231	98.87%	$516,413	99.14%
$12,785	1.45%	$15,218	1.60%	$15,463	1.52%	$17,191	1.60%	$13,366	1.17%	$16,594	1.37%	$14,412	1.13%	$4,464	0.86%
$881,384	100.00%	$953,141	100.00%	$1,016,560	100.00%	$1,076,563	100.00%	$1,138,000	100.00%	$1,207,685	100.00%	$1,272,643	100.00%	$520,877	100.00%
$194,711	22.09%	$215,389	22.60%	$226,997	22.33%	$236,373	21.96%	$221,007	19.42%	$239,191	19.81%	$256,876	20.18%	$112,909	21.68%
$117,746	13.36%	$126,383	13.26%	$140,566	13.83%	$142,424	13.23%	$132,857	13.43%	$183,288	15.18%	$206,524	16.23%	$85,664	16.45%
$32,518	3.69%	$38,733	4.06%	$39,286	3.86%	$47,752	4.44%	$45,174	3.97%	$48,966	4.05%	$51,738	4.06%	$24,234	4.65%
$73,637	8.35%	$72,582	7.62%	$76,982	7.57%	$80,146	7.44%	$93,325	8.20%	$89,357	7.40%	$92,918	7.30%	$113,644	21.82%
$4,588	0.52%	$6,484	0.68%	$6,331	0.62%	$5,614	0.52%	$5,516	0.48%	$5,606	0.46%	$6,417	0.50%	$2,859	0.55%
$28,614	3.25%	$30,883	3.16%	$30,971	3.05%	$37,844	3.52%	$48,157	3.53%	$41,240	3.41%	$58,826	3.99%	$23,981	4.60%
$451,806	51.26%	$489,654	51.37%	$521,133	51.26%	$550,193	51.11%	$558,036	49.04%	$607,648	50.32%	$665,291	52.28%	$363,291	69.75%
$429,578	48.74%	$463,487	48.63%	$495,427	48.74%	$526,370	48.89%	$579,964	50.96%	$600,037	49.68%	$607,352	47.72%	$157,586	30.25%
$1,488	0.16%	$1,588	0.16%	$1,688	0.16%	$1,788	0.16%	$1,988	0.17%	$2,088	0.17%	$2,188	0.17%	$1,158	0.22%
$9,388	1.06%	$9,588	1.00%	$9,488	0.92%	$11,888	1.10%	$12,188	1.06%	$12,188	1.00%	$4,888	0.38%	$4,888	0.92%
$427	0.05%	$1,174	0.12%	$2,487	0.24%	$1,239	0.12%	$1,493	0.13%	$767	0.06%	$774	0.06%	$0	0.00%
$3,193	0.36%	$75	0.01%	$1,688	0.17%	$1,154	0.11%	$1,419	0.12%	$4,735	0.39%	$3,514	0.28%	$0	0.00%
$3,171	0.36%	$6,267	0.66%	$1,955	0.19%	$4,198	0.39%	$3,262	0.29%	$4,812	0.40%	$6,289	0.49%	$4,219	0.81%
$17,491	1.98%	$18,516	1.94%	$17,130	1.69%	$20,891	1.87%	$20,174	1.77%	$24,414	2.02%	$17,477	1.37%	$10,169	1.95%
$412,087	46.75%	$444,971	46.68%	$478,297	47.05%	$506,279	47.03%	$559,790	49.19%	$575,623	47.66%	$589,875	46.35%	$147,417	28.30%
$423,592	48.06%	$418,734	43.93%	$413,273	40.65%	$407,391	37.84%	$468,331	41.15%	$463,618	38.39%	$388,471	30.52%	$124,483	23.90%
$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
$423,592	48.06%	$418,734	43.93%	$413,273	40.65%	$407,391	37.84%	$468,331	41.15%	$463,618	38.39%	$388,471	30.52%	$124,483	23.90%
($11,505)	-1.31%	$26,237	2.75%	$65,024	6.40%	$98,888	9.19%	$91,459	8.04%	$112,005	9.27%	$201,404	15.83%	$22,934	4.40%
$102,818	11.67%	$103,014	10.81%	$97,214	9.56%	$98,043	9.11%	$107,409	9.44%	$109,779	9.09%	$101,444	7.97%	$35,383	6.79%
($114,323)	-12.97%	($76,777)	-8.06%	($32,190)	-3.17%	$845	0.08%	($15,950)	-1.40%	$2,226	0.18%	$99,960	7.85%	($12,449)	-2.39%

1976	1977	1978	1979	1980	1981	1982	1983
330	330	330	330	330	330	330	200
$2,671	$2,888	$3,088	$3,262	$3,448	$3,660	$3,856	$2,684
$1,249	$1,348	$1,449	$1,534	$1,696	$1,744	$1,788	$737
($346)	($233)	($98)	$3	($48)	$7	$383	($62)

STATEMENT OF EARNINGS
COMBINED BY REGION -
MISSISSAUGA

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals		ERR		ERR		ERR	$124,544	98.52%	$143,631	98.60%	$159,252	97.64%
Recoveries		ERR		ERR		ERR	$1,876	1.48%	$2,046	1.40%	$3,854	2.36%
	$0	ERR	$0	ERR	$0	ERR	$126,420	100.00%	$145,677	100.00%	$163,106	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes		ERR		ERR		ERR	$16,458	13.02%	$17,645	12.11%	$21,185	12.99%
Utilities		ERR		ERR		ERR	$13,393	10.59%	$18,587	12.76%	$28,186	17.28%
Wages & employee benefits		ERR		ERR		ERR	$3,566	2.82%	$4,654	3.19%	$8,969	5.50%
Repairs & Maintenance		ERR		ERR		ERR	$13,125	10.38%	$16,829	11.55%	$21,880	13.41%
Insurance		ERR		ERR		ERR	$764	0.60%	$873	0.60%	$926	0.57%
Management fee		ERR		ERR		ERR	$4,936	3.90%	$5,868	4.03%	$6,418	3.93%
	$0	ERR	$0	ERR	$0	ERR	$52,242	41.32%	$64,456	44.25%	$87,564	53.69%
OPERATING INCOME	$0	ERR	$0	ERR	$0	ERR	$74,178	58.68%	$81,221	55.75%	$75,542	46.31%
ADMINISTRATIVE & GENERAL												
Professional fees		ERR		ERR		ERR	$480	0.32%	$500	0.34%	$600	0.37%
Capital tax		ERR		ERR		ERR	$1,200	0.95%	$1,200	0.82%	$1,200	0.74%
Bad debts		ERR		ERR		ERR	$3,448	2.73%	$948	0.65%	$2,975	1.82%
Advertising & rental commissions		ERR		ERR		ERR	$1,186	0.87%	$0	0.00%	$0	0.00%
Miscellaneous		ERR		ERR		ERR	$71	0.05%	$3,422	2.35%	$4,058	2.49%
	$0	ERR	$0	ERR	$0	ERR	$6,225	4.92%	$6,070	4.17%	$8,833	5.42%
EARNINGS BEFORE INTEREST & DEPRECIATION	$0	ERR	$0	ERR	$0	ERR	$67,953	53.75%	$75,151	51.59%	$66,709	40.90%
INTEREST												
Mortgage		ERR		ERR		ERR	$59,757	47.27%	$64,420	44.22%	$63,561	38.97%
On security deposits		ERR		ERR		ERR	$0	0.00%	$0	0.00%	$0	0.00%
	$0	ERR	$0	ERR	$0	ERR	$59,757	47.27%	$64,420	44.22%	$63,561	38.97%
EARNINGS BEFORE DEPRECIATION	$0	ERR	$0	ERR	$0	ERR	$8,196	6.48%	$10,731	7.37%	$3,148	1.93%
Depreciation		ERR		ERR		ERR	$20,133	15.93%	$8,789	6.03%	$9,160	5.62%
EARNINGS *	$0	ERR	$0	ERR	$0	ERR	($11,937)	-9.44%	$1,942	1.33%	($6,012)	-3.69%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS				75	75	75
REVENUE PER UNIT	ERR	ERR	ERR	$1,686	$1,942	$2,175
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	ERR	ERR	ERR	$986	$1,002	$889
EARNINGS PER UNIT	ERR	ERR	ERR	($159)	$26	($80)

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$178,583	96.78%	$191,345	95.86%	$204,255	93.95%	$218,761	94.19%	$230,102	93.80%	$249,125	93.78%	$263,831	93.31%	$280,332	93.13%
$5,937	3.22%	$8,270	4.14%	$13,148	6.05%	$13,501	5.81%	$15,203	6.20%	$16,518	6.22%	$18,927	6.69%	$20,674	6.87%
$184,520	100.00%	$199,615	100.00%	$217,403	100.00%	$232,262	100.00%	$245,305	100.00%	$265,643	100.00%	$282,758	100.00%	$301,006	100.00%
$23,568	12.78%	$26,404	13.23%	$28,332	13.03%	$30,284	13.04%	$32,200	13.13%	$33,929	12.77%	$36,446	12.89%	$43,788	14.55%
$29,714	16.10%	$35,464	17.77%	$40,856	18.42%	$41,954	18.07%	$49,116	20.02%	$69,389	26.89%	$53,499	18.92%	$70,839	23.53%
$9,881	5.35%	$10,631	5.33%	$12,233	5.63%	$13,586	5.81%	$8,938	3.64%	$10,199	3.84%	$10,442	3.69%	$12,291	4.08%
$20,154	10.92%	$27,258	13.66%	$27,888	12.79%	$27,826	11.64%	$30,271	12.34%	$34,957	13.16%	$40,978	14.49%	$48,826	15.96%
$1,825	0.56%	$2,850	1.03%	$2,596	1.19%	$2,785	1.16%	$2,755	1.12%	$2,435	0.92%	$2,237	0.79%	$2,066	0.69%
$7,285	3.95%	$7,983	4.00%	$8,676	3.99%	$9,389	4.01%	$9,835	4.01%	$10,689	3.99%	$11,314	4.00%	$12,053	4.00%
$91,647	49.67%	$109,790	55.00%	$119,781	55.06%	$124,794	53.73%	$133,107	54.26%	$161,438	60.77%	$154,916	54.79%	$189,863	62.81%
$92,873	50.33%	$89,825	45.00%	$97,702	44.94%	$107,468	46.27%	$112,198	45.74%	$104,205	39.23%	$127,842	45.21%	$111,943	37.19%
$800	0.43%	$800	0.40%	$800	0.37%	$800	0.34%	$800	0.33%	$800	0.30%	$800	0.28%	$1,200	0.40%
$1,200	0.65%	$1,350	0.68%	$1,500	0.69%	$1,500	0.65%	$1,500	0.61%	$1,500	0.56%	$1,500	0.53%	$1,500	0.50%
$818	0.44%	$280	0.14%	($123)	-0.06%	$676	0.29%	$89	0.04%	$100	0.04%	$3	.00%	$0	0.00%
$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
$2,671	1.45%	$1,993	1.00%	$2,577	1.23%	$2,632	1.13%	$4,258	1.73%	$3,347	1.26%	$2,279	0.81%	$2,493	0.83%
$5,489	2.97%	$4,423	2.22%	$4,854	2.23%	$5,608	2.41%	$6,639	2.71%	$5,747	2.16%	$4,582	1.62%	$5,193	1.73%
$87,384	47.36%	$85,402	42.78%	$92,848	42.71%	$101,860	43.86%	$105,559	43.03%	$98,458	37.06%	$123,260	43.59%	$106,750	35.46%
$62,638	33.95%	$52,381	26.24%	$51,316	23.60%	$50,174	21.60%	$48,532	19.78%	$47,631	17.93%	$46,215	16.34%	$44,689	14.85%
$0	0.00%	$0	0.00%		0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
$62,638	33.95%	$52,381	26.24%	$51,316	23.60%	$50,174	21.60%	$48,532	19.78%	$47,631	17.93%	$46,215	16.34%	$44,689	14.85%
$24,746	13.41%	$33,821	16.54%	$41,532	19.10%	$51,686	22.25%	$57,027	23.25%	$50,827	19.13%	$77,045	27.25%	$62,061	20.62%
$9,536	5.17%	$9,550	4.78%	$9,600	4.42%	$9,650	4.15%	$9,700	3.95%	$9,750	3.67%	$9,800	3.47%	$9,850	3.27%
$15,210	8.24%	$23,471	11.76%	$31,932	14.69%	$42,036	18.10%	$47,327	19.29%	$41,077	15.46%	$67,245	23.78%	$52,211	17.35%

1976	1977	1978	1979	1980	1981	1982	1983
75	75	75	75	75	75	75	75
$2,460	$2,662	$2,899	$3,097	$3,271	$3,542	$3,770	$4,013
$1,165	$1,139	$1,238	$1,358	$1,407	$1,313	$1,643	$1,423
$293	$313	$426	$560	$631	$548	$897	$696

Schedule 12

1976	1977	1978	1979	1980	1981	1982	1983
148.9	160.8	175.2	191.2	210.6	236.9	262.5	277.5
7.51%	7.99%	8.96%	9.13%	10.15%	12.49%	10.81%	5.71%

1976	Percent of Total Revenue	1977	Percent of Total Revenue	1978	Percent of Total Revenue	1979	Percent of Total Revenue	1980	Percent of Total Revenue	1981	Percent of Total Revenue	1982	Percent of Total Revenue	1983	Percent of Total Revenue
$119,935	96.78%	$118,996	95.86%	$116,584	93.95%	$114,415	94.19%	$109,260	93.80%	$105,160	93.78%	$100,507	93.31%	$101,021	93.13%
$3,987	3.22%	$5,143	4.14%	$7,585	6.05%	$7,061	5.81%	$7,219	6.20%	$6,973	6.22%	$7,210	6.69%	$7,450	6.87%
$123,922	100.00%	$124,139	100.00%	$124,088	100.00%	$121,476	100.00%	$116,479	100.00%	$112,133	100.00%	$107,717	100.00%	$108,471	100.00%
$15,842	12.78%	$16,429	13.23%	$16,171	13.03%	$15,839	13.04%	$15,290	13.13%	$14,322	12.77%	$13,884	12.89%	$15,779	14.55%
$19,956	16.10%	$22,855	17.77%	$22,863	18.42%	$21,948	18.07%	$23,322	20.02%	$29,257	26.09%	$20,381	18.92%	$25,528	23.53%
$6,635	5.35%	$6,611	5.33%	$6,982	5.63%	$7,864	5.81%	$4,240	3.64%	$4,385	3.84%	$3,978	3.69%	$4,429	4.08%
$13,535	10.92%	$16,951	13.66%	$15,872	12.79%	$14,135	11.64%	$14,374	12.34%	$14,756	13.16%	$15,611	14.49%	$17,387	15.96%
$688	0.56%	$1,275	1.03%	$1,482	1.19%	$1,415	1.16%	$1,388	1.12%	$1,828	0.92%	$852	0.79%	$745	0.69%
$4,893	3.95%	$4,965	4.00%	$4,952	3.99%	$4,869	4.01%	$4,670	4.01%	$4,478	3.99%	$4,310	4.00%	$4,343	4.00%
$61,549	49.67%	$68,277	55.00%	$68,322	55.06%	$65,269	53.73%	$63,284	54.26%	$68,146	60.77%	$59,016	54.79%	$68,131	62.81%
$62,373	50.33%	$55,861	45.00%	$55,766	44.94%	$56,207	46.27%	$53,275	45.74%	$43,987	39.23%	$48,702	45.21%	$40,340	37.19%
$537	0.43%	$498	0.40%	$457	0.37%	$418	0.34%	$380	0.33%	$338	0.30%	$305	0.28%	$432	0.40%
$806	0.65%	$848	0.68%	$856	0.69%	$785	0.65%	$712	0.61%	$633	0.56%	$571	0.53%	$541	0.50%
$549	0.44%	$174	0.14%	($70)	-0.06%	$354	0.29%	$42	0.04%	$42	0.04%	$1	.00%	$0	0.00%
$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
$1,794	1.45%	$1,239	1.00%	$1,528	1.25%	$1,377	1.13%	$2,018	1.73%	$1,413	1.26%	$868	0.81%	$898	0.83%
$3,686	2.97%	$2,751	2.22%	$2,771	2.23%	$2,933	2.41%	$3,152	2.71%	$2,426	2.16%	$1,746	1.62%	$1,871	1.73%
$58,686	47.36%	$53,111	42.78%	$52,995	42.71%	$53,274	43.86%	$50,123	43.03%	$41,561	37.06%	$46,956	43.59%	$38,468	35.46%
$42,867	33.95%	$32,575	26.24%	$29,290	23.60%	$26,242	21.60%	$23,045	19.78%	$20,106	17.93%	$17,606	16.34%	$16,184	14.85%
$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
$42,867	33.95%	$32,575	26.24%	$29,290	23.60%	$26,242	21.60%	$23,045	19.78%	$20,106	17.93%	$17,606	16.34%	$16,184	14.85%
$16,619	13.41%	$20,535	16.54%	$23,705	19.10%	$27,032	22.25%	$27,078	23.25%	$21,455	19.13%	$29,350	27.25%	$22,364	20.62%
$6,484	5.17%	$5,939	4.78%	$5,479	4.42%	$5,047	4.15%	$4,686	3.95%	$4,116	3.67%	$3,733	3.47%	$3,550	3.27%
$10,215	8.24%	$14,596	11.76%	$18,226	14.69%	$21,985	18.10%	$22,472	19.29%	$17,339	15.46%	$25,617	23.78%	$18,815	17.35%

1976	1977	1978	1979	1980	1981	1982	1983
75	75	75	75	75	75	75	75
$1,652	$1,655	$1,655	$1,620	$1,553	$1,495	$1,436	$1,446
$782	$788	$787	$710	$668	$554	$626	$513
$136	$195	$243	$293	$300	$231	$342	$251

	1970	1971	1972	1973	1974	1975
Average CPI for year(Base year 1971)	97.2	100.0	104.8	112.7	125.0	138.5
Average inflation rate over previous year (Base year 1970)	3.29%	2.88%	4.80%	7.54%	10.91%	10.80%

STATEMENT OF EARNINGS
COMBINED BY REGION -
MISSISSAUGA
ADJUSTED FOR INFLATION

	1970	Percent of Total Revenue	1971	Percent of Total Revenue	1972	Percent of Total Revenue	1973	Percent of Total Revenue	1974	Percent of Total Revenue	1975	Percent of Total Revenue
REVENUE												
Rentals		ERR		ERR		ERR	$110,509	98.52%	$114,985	98.60%	$114,983	97.64%
Recoveries		ERR		ERR		ERR	$1,665	1.48%	$1,637	1.40%	$2,783	2.36%
	$0	ERR	$0	ERR	$0	ERR	$112,174	100.00%	$116,542	100.00%	$117,766	100.00%
DIRECT PROPERTY OPERATING EXPENSES												
Realty taxes		ERR		ERR		ERR	$14,603	13.02%	$14,116	12.11%	$15,296	12.99%
Utilities		ERR		ERR		ERR	$11,884	10.59%	$14,870	12.76%	$20,351	17.28%
Wages & employee benefits		ERR		ERR		ERR	$3,164	2.82%	$3,723	3.19%	$6,476	5.50%
Repairs & Maintenance		ERR		ERR		ERR	$11,646	10.38%	$13,463	11.55%	$15,798	13.41%
Insurance		ERR		ERR		ERR	$678	0.60%	$698	0.60%	$669	0.57%
Management fee		ERR		ERR		ERR	$4,380	3.90%	$4,694	4.03%	$4,634	3.93%
	$0	ERR	$0	ERR	$0	ERR	$46,355	41.32%	$51,565	44.25%	$63,223	53.69%
OPERATING INCOME	$0	ERR	$0	ERR	$0	ERR	$65,819	58.68%	$64,977	55.75%	$54,543	46.31%
ADMINISTRATIVE & GENERAL												
Professional fees		ERR		ERR		ERR	$355	0.32%	$400	0.34%	$433	0.37%
Capital tax		ERR		ERR		ERR	$1,065	0.95%	$960	0.82%	$866	0.74%
Bad debts		ERR		ERR		ERR	$3,059	2.73%	$758	0.65%	$2,148	1.82%
Advertising & rental commissions		ERR		ERR		ERR	$981	0.87%	$0	0.00%	$0	0.00%
Miscellaneous		ERR		ERR		ERR	$63	0.06%	$2,738	2.35%	$2,930	2.49%
	$0	ERR	$0	ERR	$0	ERR	$5,524	4.92%	$4,856	4.17%	$6,378	5.42%
EARNINGS BEFORE INTEREST & DEPRECIATION	$0	ERR	$0	ERR	$0	ERR	$60,295	53.75%	$60,121	51.59%	$48,165	40.90%
INTEREST												
Mortgage		ERR		ERR		ERR	$53,023	47.27%	$51,536	44.22%	$45,892	38.97%
On security deposits		ERR		ERR		ERR	$0	0.00%	$0	0.00%	$0	0.00%
	$0	ERR	$0	ERR	$0	ERR	$53,023	47.27%	$51,536	44.22%	$45,892	38.97%
EARNINGS BEFORE DEPRECIATION	$0	ERR	$0	ERR	$0	ERR	$7,272	6.48%	$8,585	7.37%	$2,273	1.93%
Depreciation		ERR		ERR		ERR	$17,864	15.93%	$7,831	6.03%	$6,614	5.62%
EARNINGS *	$0	ERR	$0	ERR	$0	ERR	($10,592)	-9.44%	$1,554	1.33%	($4,341)	-3.69%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
NUMBER OF UNITS				75	75	75
REVENUE PER UNIT	ERR	ERR	ERR	$1,496	$1,554	$1,570
EARNINGS BEFORE INTEREST & DEPRECIATION PER UNIT	ERR	ERR	ERR	$804	$802	$642
EARNINGS PER UNIT	ERR	ERR	ERR	($141)	$21	($58)

ANNUAL AVERAGE
COMBINED STATEMENT OF EARNINGS

	1970-1975 Average	Percent of Total Revenue	1976-1983 Average	Percent of Total Revenue
REVENUE				
Rentals	$249,321	98.95%	$359,511	98.36%
Recoveries	$2,648	1.05%	$5,993	1.64%
	$251,969	100.00%	$365,504	100.00%
DIRECT PROPERTY OPERATING EXPENSES				
Realty taxes	$50,581	20.07%	$77,509	21.21%
Utilities	$24,304	9.65%	$52,378	14.33%
Wages & employee benefits	$8,022	3.18%	$14,243	3.90%
Repairs & Maintenance	$22,350	8.87%	$33,966	9.29%
Insurance	$1,313	0.52%	$2,353	0.64%
Management fee	$6,119	2.43%	$8,691	2.38%
	$112,689	44.72%	$189,140	51.75%
OPERATING INCOME	$139,280	55.28%	$176,364	48.25%
ADMINISTRATIVE & GENERAL				
Professional fees	$1,042	0.41%	$2,138	0.58%
Capital tax	$2,167	0.86%	$3,166	0.87%
Bad debts	$646	0.26%	$1,041	0.28%
Advertising & rental commissions	$1,069	0.42%	$969	0.27%
Miscellaneous	$1,428	0.57%	$2,794	0.76%
	$6,352	2.52%	$10,108	2.77%
EARNINGS BEFORE INTEREST & DEPRECIATION	$132,928	52.76%	$166,256	45.49%
INTEREST				
Mortgage	$103,552	41.10%	$134,235	36.73%
On security deposits	$377	0.15%	$472	0.13%
	$103,929	41.25%	$134,707	36.86%
EARNINGS BEFORE DEPRECIATION	$28,999	11.51%	$31,549	8.63%
Depreciation	$34,305	13.61%	$33,568	9.18%
EARNINGS *	($5,306)	-2.11%	($2,019)	-0.55%

* Income tax has not been considered.

	1970	1971	1972	1973	1974	1975
Average CPI for year(Base year 1971)	97.2	100.0	104.8	112.7	125.0	138.5
Average inflation rate over previous year (Base year 1970)	3.29%	2.88%	4.80%	7.54%	10.91%	10.80%
PROPERTIES A, B, C, D, E, F, G, H. COMBINED RETURN ON INVESTMENT						
ASSET						
Cost, beginning of year	$4,012,211	$5,874,046	$5,889,722	$8,666,306	$11,744,359	$12,466,797
Additions	$5,159	$15,676	$209,960	$420,193	$4,858	$2,736
Cost, end of year	$4,017,370	$5,889,722	$6,099,682	$9,086,499	$11,749,417	$12,469,533
ROI, Cost (Before interest & dep'n)	8.95%	8.70%	9.13%	9.09%	8.72%	8.90%
ROI, Cost (Earnings)	0.61%	0.98%	1.20%	0.92%	-0.14%	-0.28%
ROI, adjusted for inflation (Before interest & dep'n)	9.21%	8.70%	8.71%	8.07%	6.98%	6.42%
ROI, adjusted for inflation (Earnings)	0.62%	0.98%	1.15%	0.82%	-0.11%	-0.20%
ASSET						
Market value, beginning of year (1)	$4,012,211	$6,006,047	$6,194,697	$9,268,628	$13,045.737	$15,191,264
Adjustments	$137,161	$188,650	$587,385	$1,119,048	$1,428,148	$1,643,393
Market value, end of year	$4,149.372	$6,194,697	$6,782,083	$10,387,676	$14,473,885	$16,834,657
ROI, Market value (Before interest & dep'n)	8.66%	8.27%	8.31%	7.95%	7.00%	6.59%
ROI, Market value (Earnings)	0.59%	0.94%	1.10%	0.80%	-0.12%	-0.21%
ROI, adjusted for inflation (Before interest and dep'n)	8.91%	8.27%	7.93%	7.06%	5.67%	4.76%
ROI, adjusted for inflation (Earnings)	0.60%	0.94%	1.05%	0.71%	-0.09%	-0.15%
ASSET						
Excess of market value over cost	$132,002	$304,975	$682,321	$1,301,177	$2,724,468	$4,365,124
ROI, Cost, adjusted for market value increase (Before interest & dep'n)	12.23%	13.88%	19.00%	23.41%	31.91%	43.90%
ROI, Cost, adjusted for market value increase (Earnings)	3.89%	6.16%	11.28%	15.24%	23.85%	34.73%
ROI, cost adjusted for inflation (Before interest & dep'n)	12.59%	13.88%	18.13%	20.77%	25.53%	31.70%
ROI, cost adjusted for inflation (Earnings)	4.00%	6.16%	10.57%	13.52%	18.44%	25.97%

(1) Market value refers to inflation adjusted historical cost.

1976	1977	1978	1979	1980	1981	1982	1983
148.9	160.8	175.2	191.2	210.6	236.9	262.5	277.5
7.51%	7.99%	8.96%	9.13%	10.15%	12.49%	10.81%	5.71%
$12,469,533	$12,485,672	$12,484,909	$12,495,575	$12,590,763	$12,691,311	$10,099,629	$6,675,638
$16,139	($763)	$10,666	$103,188	$92,548	($749,899)	$27,209	$13,438
$12,485,672	$12,484,909	$12,495,575	$12,590,763	$12,691,311	$11,941,412	$10,126,238	$6,689,068
9.39%	9.52%	9.76%	10.29%	10.98%	11.65%	11.73%	11.86%
-0.35%	-1.23%	-0.82%	-0.06%	0.07%	0.04%	1.21%	0.29%
6.31%	5.92%	5.57%	5.38%	5.21%	4.92%	4.47%	4.27%
-0.23%	-0.77%	-0.47%	-0.03%	0.04%	0.02%	0.46%	0.07%
$16,834,657	$18,115,078	$19,561,710	$21,325,105	$23,375,275	$25,840,414	$22,844,864	$17,278,900
$1,280,422	$1,446,632	$1,763,395	$2,050,170	$2,465,138	$1,866,999	$2,496,739	$1,000,064
$18,115,078	$19,561,710	$21,325,105	$23,375,275	$25,840,414	$26,987,413	$25,341,603	$18,278,972
6.47%	6.08%	5.72%	5.54%	5.39%	5.17%	4.69%	4.34%
-0.24%	-0.79%	-0.48%	-0.03%	0.04%	0.02%	0.48%	0.07%
4.35%	3.78%	3.26%	2.90%	2.56%	2.18%	1.79%	1.56%
-0.16%	-0.49%	-0.27%	-0.02%	0.02%	0.01%	0.18%	0.03%
$5,629,406	$7,076,801	$8,829,530	$10,776,512	$13,149,103	$14,966,000	$15,213,363	$11,389,904
54.48%	66.20%	80.42%	95.82%	114.58%	136.98%	161.99%	185.13%
44.74%	55.45%	69.84%	85.48%	103.68%	125.37%	131.47%	173.47%
36.59%	41.17%	45.90%	50.12%	54.41%	57.82%	61.71%	66.71%
30.85%	34.48%	33.87%	44.71%	49.23%	52.92%	57.70%	62.51%

COST REVENUE STATEMENT

	Jan-Dec 1976	F/S 1976	Difference 1976	Jan-Dec 1980	F/S 1980	Difference 1980	Jan-Dec 1982	F/S 1982	Difference 1982
REVENUE									
Net unit basic rent revenue	$503,676	$508,916	($5,240)	$621,732	$649,073	($27,341)	$742,277	$764,917	($22,640)
Other revenue	$0	$0	$0	$20,220	$0	$20,220	$21,867	$0	$21,867
	$503,676	$508,916	($5,240)	$641,952	$649,073	($7,121)	$764,144	$764,917	($773)
OPERATING COSTS									
Resident super salary	$14,395	$18,376	($3,981)	$23,717	$25,531	($1,814)	$26,354	$31,604	($5,250)
Unpaid rent of staff units	$1,600	$0	$1,600	$5,385	$0	$5,385	$7,836	$0	$7,836
Insurance	$2,295	$2,223	$72	$2,678	$2,710	($32)	$2,765	$2,641	$124
Heating	$37,618	$40,881	($3,263)	$35,764	$37,227	$2,537	$59,856	$58,499	$1,357
Hydro	$8,810	$8,760	$50	$14,736	$18,613	($3,877)	$14,540	$14,625	($85)
Water	$6,589	$8,760	($2,171)	$16,993	$18,613	($1,620)	$15,328	$14,625	$703
Municipal taxes	$121,381	$121,321	$60	$157,705	$155,357	$2,348	$192,850	$191,844	$1,006
Management & Admin. overhead	$25,184	$2,010	$23,174	$32,098	$7,063	$25,035	$54,731	$12,279	$42,452
Interest & bank charges	$1,250	$1,639	($389)	$0	$1,525	($1,525)	$0	$1,964	($1,964)
Painting & decorating	$6,234	$0	$6,234	$9,538	$0	$9,538	$5,944	$0	$5,944
Cleaning & janitorial	$0	$0	$0	$0	$0	$0	$0	$0	$0
Elevator maintenence	$3,117	$0	$3,117	$4,538	$0	$4,538	$4,642	$0	$4,642
Plumbing,heating & electrical repair	$0	$0	$0	$0	$0	$0	$0	$0	$0
General building maintenence	$13,216	$45,609	($32,393)	$68,821	$74,141	($5,320)	$80,177	$98,539	($18,362)
Snow removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
Grounds keeping	$879	$0	$879	$2,538	$0	$2,538	$2,307	$0	$2,307
Legal & Audit	$1,000	$6,417	($5,337)	$2,796	$7,400	($4,604)	$0	$13,412	($13,412)
Bad debts	$0	$6,112	($6,112)	$16,732	$7,969	$8,763	$362	$1,876	($1,514)
Capital tax	$3,400	$4,797	($1,397)	$5,622	$1,153	$4,469	$5,622	$0	$5,622
Advertising	$2,001	$3,767	($966)	$0	$3,381	($3,381)	$0	$117	($117)
Mortgage writing costs	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rent review fee	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$249,849	$270,672	($20,823)	$403,653	$360,683	$42,970	$473,314	$442,825	$31,289
EARNINGS BEFORE MORTGAGE INTEREST & OTHER CHARGES	$253,827	$238,244	$15,583	$238,299	$288,390	($50,091)	$298,830	$322,892	($32,062)
MORTGAGE INTEREST	$255,967	$246,792	$9,175	$218,720	$249,100	($30,380)	$218,720	$283,291	($64,571)
REPAIRS & MAINTENENCE-DEPRECIATION	$1,452	$56,147	($54,695)	$11,818	$49,470	($37,652)	$2,172	$47,151	($44,979)
			$0			$0			$0
NET EARNINGS	($3,592)	($64,695)	$61,103	$7,761	($10,180)	$17,941	$69,938	($7,550)	$77,488

COST REVENUE STATEMENT

	August 1,1977 to July 31,78	F/S 1978	Difference 1978	August 1,1980 to July 31,81	F/S 1981	Difference 1981
REVENUE						
Net unit basic rent revenue	$185,207	$193,705	($8,498)	$212,661	$220,727	($8,066)
Other revenue	$7,270	$0	$7,270	$7,231	$0	$7,231
	$192,477	$193,705	($1,228)	$219,892	$220,727	($835)
OPERATING COSTS						
Resident super salary	$6,340	$7,853	($1,513)	$9,440	$10,714	($1,274)
Unpaid rent of staff units	$2,700	$0	$2,700	$900	$0	$900
Insurance	$806	$727	$79	$884	$845	$39
Heating	$20,391	$21,322	($931)	$18,205	$18,921	($716)
Hydro	$4,378	$4,264	$114	$5,336	$4,730	$606
Water	$4,717	$4,264	$453	$5,143	$4,730	$413
Municipal taxes	$43,231	$43,810	($579)	$52,333	$51,613	$720
Management & Admin. overhead	$9,624	$1,111	$8,513	$14,095	$2,665	$11,430
Interest & bank charges	$1,200	$165	$1,035	$1,800	$748	$1,052
Painting & decorating	$2,475	$0	$2,475	$2,623	$0	$2,623
Cleaning & janitorial	$0	$0	$0	$0	$0	$0
Elevator maintenence	$1,682	$0	$1,682	$2,264	$0	$2,264
Plumbing,heating & electrical repair	$0	$0	$0	$0	$0	$0
General building maintenence	$8,949	$16,391	($7,442)	$27,835	$32,761	($4,926)
Snow removal	$0	$0	$0	$28	$0	$28
Grounds keeping	$50	$0	$50	$100	$0	$100
Legal & Audit	$337	$2,300	($1,963)	$0	$2,805	($2,805)
Bad debts	$0	$1,184	($1,184)	$205	$387	($182)
Capital tax	$1,650	$1,522	$128	$1,300	$792	$508
Advertising	$1,627	$2,328	($701)	$0	$71	($71)
Mortgage writing costs	$180	$0	$180	$0	$0	$0
Rent review fee	$0	$0	$0	$0	$0	$0
	$110,257	$107,241	$3,016	$142,491	$131,782	$10,709
EARNINGS BEFORE MORTGAGE INTEREST & OTHER CHARGES	$82,220	$86,464	($4,244)	$77,401	$88,945	($11,544)
MORTGAGE INTEREST	$71,028	$75,581	($4,553)	$84,937	$75,160	$9,777
REPAIRS & MAINTENENCE-DEPRECIATION	$1,463	$12,144	($10,681)	$4,067	$11,191	($7,124)
			$0			$0
NET EARNINGS	$9,729	($1,261)	$10,990	($11,603)	$2,594	($14,197)

COST REVENUE STATEMENT	MAY 1,1976 to APR.30,77	F/S 1977	Difference 1977	Jan.-Dec. 1979	F/S 19--	Difference 19--	Jan.-Dec. 1980	F/S 19--	Difference 19--	Jan.-Dec. 1981	F/S 19--	Difference 19--
REVENUE												
Net unit basic rent revenue	$109,946	$110,533	($587)	$129,762	$128,447	$1,515	$143,049	$139,057	$3,992	$165,678	$162,087	$3,591
Other revenue	$660	$660	$0	$824	$1,176	($516)	$660	$1,363	($703)	$1,570	$1,616	($46)
	$110,606	$111,193	($587)	$130,586	$129,623	$999	$143,709	$140,420	$3,289	$167,248	$163,703	$3,545
OPERATING COSTS												
Resident super salary	$3,663	$3,508	$155	$4,440	$4,385	$55	$4,732	$4,575	$157	$5,452	$5,108	$344
Unpaid rent of staff units	$2,780	$0	$2,780	$3,045	$0	$3,045	$3,340	$0	$3,340	$3,944	$0	$3,944
Insurance	$4,858	$4,574	$284	$3,508	$3,639	($131)	$3,718	$3,588	$130	$3,987	$3,816	$171
Heating	$16,827	$14,495	$1,332	$14,249	$13,467	$782	$17,768	$14,262	$3,506	$21,088	$16,859	$4,221
Hydro	$4,319	$4,832	($513)	$4,588	$4,489	$99	$5,579	$4,754	$825	$5,785	$5,619	$146
Water	$3,174	$4,830	($1,656)	$3,589	$4,489	($900)	$3,706	$4,754	($1,048)	$3,334	$5,620	($2,286)
Municipal taxes	$21,234	$20,482	$832	$25,712	$25,216	$1,496	$29,154	$25,282	$3,872	$31,500	$33,787	($2,287)
Management & Admin. Overhead	$5,530	$117	$5,413	$6,511	$709	$5,802	$7,185	$1,402	$5,783	$8,368	$695	$7,665
Interest & bank charges	$299	$588	($289)	$112	$658	($463)	$74	$253	($179)	$41	$448	($407)
Painting & decorating	$0	$0	$0	$1,533	$0	$1,533	$1,256	$0	$1,356	$1,651	$0	$1,651
Cleaning & janitorial	$0	$0	$0	$551	$0	$551	$438	$0	$438	$447	$0	$447
Elevator maintenence	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Plumbing,heating & electrical repair	$0	$0	$0	$2,143	$0	$2,143	$2,146	$0	$2,146	$1,777	$5,208	($3,491)
General building maintenence	$1,733	$563	$1,170	$1,829	$8,963	($7,134)	$931	$6,803	($5,872)	$0	$0	$0
Snow removal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$489	$0	$489
Grounds keeping	$0	$0	$0	$274	$0	$274	$332	$0	$332	$425	$475	($50)
Legal & Audit	$400	$400	$0	$458	$937	($487)	$0	$877	($877)	$2,041	$680	$1,361
Bad debts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$100	$1,083	($983)
Capital tax	$1,400	$1,400	$0	$2,600	$1,099	$1,501	$349	$1,466	($1,117)	$0	$2,086	($2,086)
Advertising	$0	$668	($668)	$0	$766	($766)	$0	$485	($485)	$0	$0	$0
Mortgage writing costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rent review fee	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$65,337	$56,299	$9,038	$75,324	$68,784	$6,540	$80,888	$67,701	$13,099	$91,944	$79,584	$12,440
EARNINGS BEFORE MORTGAGE INTEREST & OTHER CHARGES	$45,269	$54,894	($9,625)	$55,298	$60,839	($5,541)	$62,989	$72,719	($9,810)	$75,384	$84,199	($8,895)
MORTGAGE INTEREST	$57,345	$53,563	$3,782	$55,324	$52,749	$1,575	$77,645	$72,539	$5,106	$88,837	$87,506	$1,331
REPAIRS & MAINTENENCE-DEPRECIATION	$0	$30,782	($30,782)	$559	$26,571	($26,012)	$0	$25,287	($25,287)	$0	$24,884	($24,884)
			$0			$0			$0			$0
NET EARNINGS	($12,076)	($29,351)	$17,275	($585)	($15,481)	$18,896	($14,736)	($25,827)	$10,291	($13,533)	($27,391)	$13,858

APPENDIX II

DEMOGRAPHIC AND MARKET ANALYSIS

The study participants own rental apartment buildings in the cities of Toronto, Mississauga, Oshawa and Ottawa. As background to reviewing the financial performance of these properties, we reviewed the environment in which each business was being operated. This entailed examining relevant demographic and housing characteristics that we believe directly affect the demand for rental apartments. The analysis has provided greater insight into the direction and magnitude of growth in each of these market areas.

A. POPULATION

The increase in residential population in each of the four communities is illustrated in exhibit I. The highest rate of growth was exhibited by Mississauga, which in 1981 had a larger population than the City of Ottawa. By comparison, negative growth was experienced by both the cities of Toronto and Ottawa. An increase in the size of Mississauga in 1974 was a direct result of the formation of the City by the merger of the towns of Port Credit and Streetsville and parts of Oakville and the town of Mississauga. However, the real increase in population of this municipality, taking into consideration the changes in the census area, was still approximately 26% between 1976 and 1981 (or 69% between 1971 and 1981).

By comparison, the two largest cities in 1971 experienced negative growth over the ten-year period from 1971 to 1981. Ottawa, for example, increased in population by only 0.7% between 1971 and 1976, and experienced a decline of 3.1% between 1976 and 1981. The City of Toronto, by comparison, declined in population by 11.1% between 1971 and 1976 and by 5.3% between 1976 and 1981. This occurrence can be related directly to a trend in residential migration that has seen a shift in residential population toward the outlying communities, away from the higher priced and often congested urban centres. This phenomenon has been further encouraged by improvements in public transit and other services that have helped to increase the popularity of commuting between work and home. Further evidence of this is found by examining the population growth of the Toronto Census Metropolitan Area, which increased by 4.4% between 1976 and 1981.

A. POPULATION (Continued)

A more recent phenomenon that has been observed and that will have direct implications for rental apartment and condominium development has been a change in attitude toward inner-city living. People are increasingly being attracted back into cities as a place of residence and recreation, while enjoying the amenities and services provided by a large urban area. This trend is expected to continue, especially among the young population who have only recently entered the work force and among the senior and retired population.

Exhibit II illustrates the 1981 population profiles for each of the four cities being examined, with the percentage breakdown of total population related to age segment. Interestingly, the median age of population for both Toronto and Ottawa is 32 while for Mississauga and Oshawa it is 28. Oshawa and Mississauga both have higher populations of children and teenagers than Ottawa and Toronto, but lower populations of seniors. Conversely, the cities of Ottawa and Toronto have the bulk of their population between 20 and 40 years of age, and over 70. In relation to this discussion, exhibit III should also be examined as it relates to the distribution of household sizes by each of the communities.

Exhibit III further illustrates the dichotomy between Ottawa and Toronto on the one hand, and Mississauga and Oshawa on the other. Toronto and Ottawa have a relatively high proportion of small households: 64% of all households contain two persons or less. By comparison, Mississauga and Oshawa have a higher proportion of larger households and only about 44% of all households having one or two persons. The median household size in Mississauga and Oshawa is three to four persons, while in Toronto and Ottawa it is two persons per household. No community has a significant number of households containing five or more persons.

B. EMPLOYMENT AND HOUSEHOLD INCOME

Reference to exhibit IV illustrates that resident unemployment rates (1981) have declined in all communities since the 1971 census. The City of Toronto experienced the sharpest decline in unemployment with the 1971 level of 7.1% decreasing to 4.7% by 1981.

B. EMPLOYMENT AND HOUSEHOLD INCOME (Continued)

The proportion of men in the labour force also declined, as a result of the number of women who have entered the labour force since 1971. The male/female ratio in the labour force was closest to being equal in the larger cities of Toronto and Ottawa, while in the smaller cities of Mississauga and Oshawa there was a greater proportion of men employed. This is not surprising when exhibit V is examined, which reveals that both Oshawa and Mississauga had a relatively high proportion of families where only the husband works.

The cumulative frequency distribution of gross household income in 1980 is illustrated in exhibit VI. Toronto and Ottawa had a more equally distributed range of household incomes than Oshawa and Mississauga. For example, in Toronto there were approximately as many households with gross incomes less than $19,900 as there were households with incomes greater than this. By comparison, household incomes in Mississauga were oriented toward the higher end of the continuum; the median was approximately $29,000. The median household incomes in Ottawa and Oshawa are $22,000 and $24,000 respectively.

It can be hypothesized that lower household incomes would create a market that is less able to afford non-rental housing. Accordingly, we would expect that rental forms of accommodation would predominate over owned dwellings in both Ottawa and Toronto, and in a higher proportion than in to the cities of Mississauga and Oshawa.

C. TRENDS IN HOUSING

Exhibit VII illustrates the change in the number of rental and owned dwellings for the period of 1971 to 1981. The size of each circle represents the total number of dwellings in each community and is scaled to allow comparisons between communities. Interestingly, the ratio of owned to rented dwellings in 1971 was approximately the same in Mississauga and Oshawa and similarly the ratio was approximately equal for Ottawa and Toronto. Generally, in Toronto and Ottawa, there were 1.5 rented dwelling units for every unit owned. However, in Mississauga and Oshawa, the converse was true and there were 1.8 owned dwelling units for every unit rented.

C. **TRENDS IN HOUSING (Continued)**

It is also interesting to note, from exhibit VII, that though the total number of dwelling units in all four cities had increased by 1981, as compared to 1971, the ratio of owned to rented units in each of these cities did not vary significantly from the 1971 relationship.

The relationship between growth in apartment dwellings and other forms of rental accommodation can be further studied by reference to exhibit VIII. This exhibit illustrates the change in the total number of dwelling units, rental units and apartment units for the years 1971, 1976 and 1981. The exhibit also shows the ratio of apartment units to total dwellings and rental dwellings for each of these three years.

In the City of Toronto, the ratio of rental dwellings to owned dwellings was relatively constant when 1981 is compared to 1976. However, the total number of apartment dwellings was actually lower in 1981 than in 1976. In Ottawa, this trend was not apparent, and rental accommodation and apartment housing generally kept pace with the increase in owned dwellings. However, apartment housing did lose market share to other forms of rental accommodation. Similarly in Oshawa, the growth in apartment housing did not keep pace with the increase in rental housing, but lost market share to alternative types of rental accommodation. The City of Mississauga saw the largest proportionate increase in apartment housing, compared to alternative types of accommodation, than any of the other communities studied. This would reflect new apartment units constructed after 1976 and not subject to rent control.

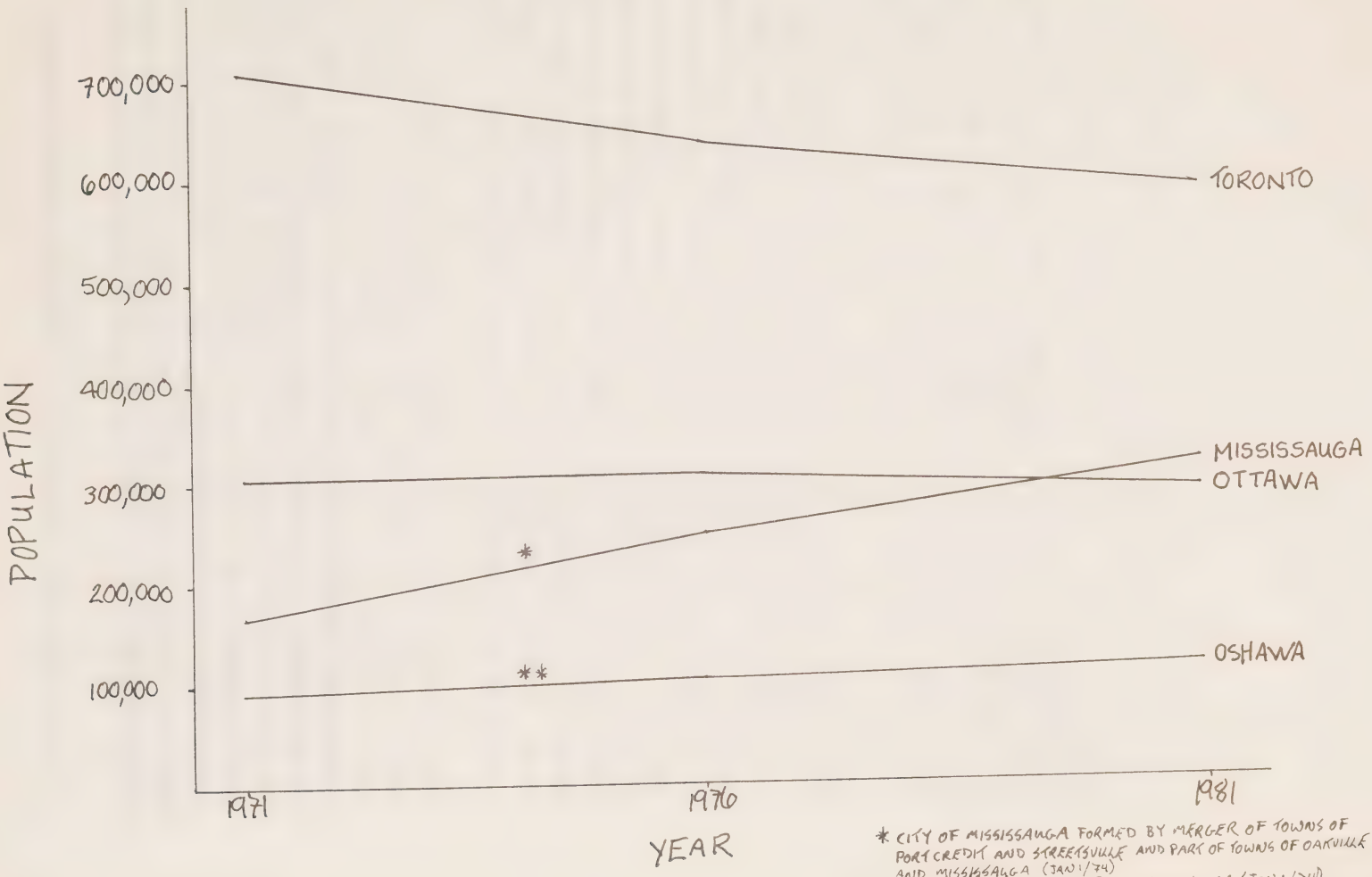
Exhibit IX illustrates apartment vacancy rates for the period 1973-1983 for each of the communities. Seldom did vacancy rates exceed 3% and usually they averaged 1% - 2% in each community. Toronto, for example, had the lowest average vacancy rate - 0.9%, while Ottawa had the highest average vacancy rate - 1.9%. These rates were obtained by CMHC from a survey of apartment structures of six units and over in each of these cities.

C. TRENDS IN HOUSING (Continued)

The low vacancy rates reflect strong market demand for rental apartment housing both historically and up to the present day. However, exhibit VIII shows that, on the basis of 1981 dwellings, only the City of Mississauga appears to be making significant progress toward meeting the demand for this form of accommodation. In the remaining communities, alternatives, such as condominiums and row housing, have alleviated some of the pressure on this market. Despite the fact that market demand is still largely unsatisfied, the entry of new apartment developments into this market has been slow.

EXHIBIT I

POPULATION GROWTH 1971-1981



* CITY OF MISSISSAUGA FORMED BY MERGER OF TOWNS OF PORT CREDIT AND STREETSVILLE AND PART OF TOWNS OF OAKVILLE AND MISSISSAUGA (JAN 1/74)

** WHITBY EAST TWSP. ANNEXED TO OSHAWA (JAN 1/74)

OTTAWA

EXHIBIT II-a

POPULATION BY AGE

OSHAWA



CITY OF TORONTO

EXHIBIT II-6

MISSISSAUGA

POPULATION BY AGE

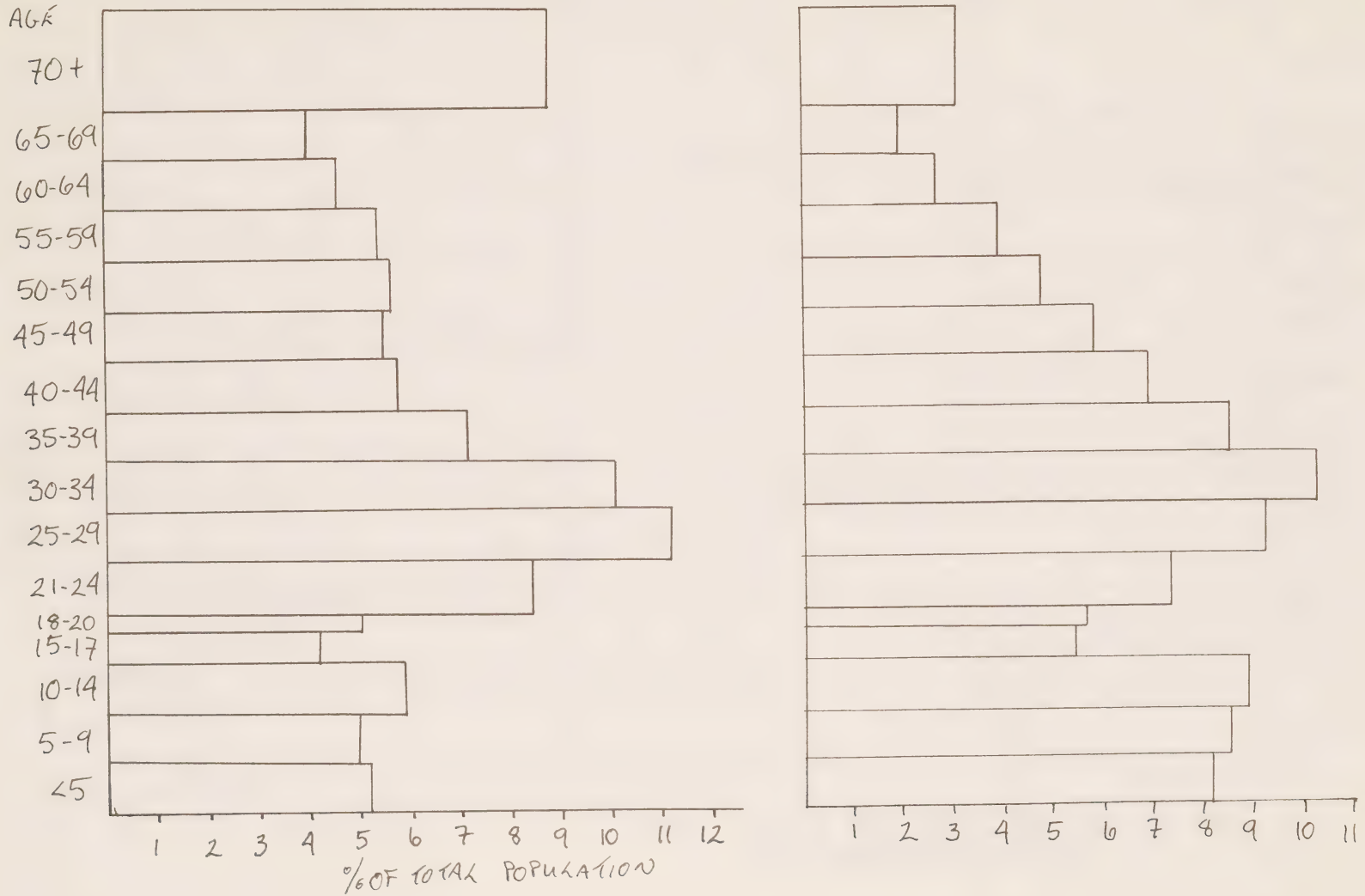


EXHIBIT III

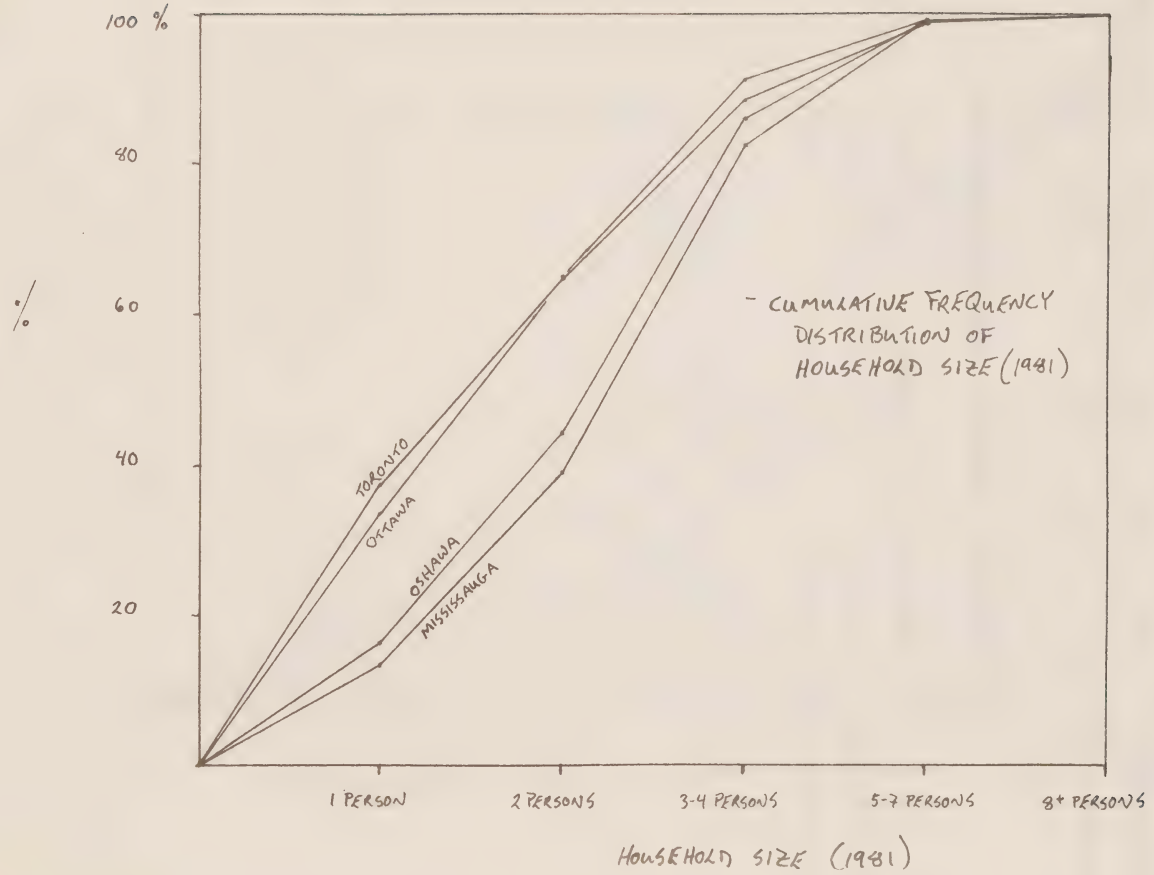

100 %
80
60
40
20
%
TORONTO
OTTAWA
OSHAWA
MISSISSAUGA
- CUMULATIVE FREQUENCY DISTRIBUTION OF HOUSEHOLD SIZE (1981)
1 PERSON
2 PERSONS
3-4 PERSONS
5-7 PERSONS
8+ PERSONS
HOUSEHOLD SIZE (1981)

EXHIBIT IV – LABOUR FORCE

	Mississauga		Oshawa		Ottawa		Toronto	
	1971	1981	1971	1981	1971	1981	1971	1981
Total labour force	122,280	175,670	48,270	59,480	155,735	164,935	321,255	343,530
Total employed	116,305	169,535	44,425	55,320	145,470	154,600	298,390	327,440
Total unemployed	5,975	6,135	3,845	4,160	10,265	10,335	22,865	16,105
Unemployment rate	4.9%	3.5%	8.0%	7.5%	6.6%	6.3%	7.1%	4.7%

EXHIBIT V – HUSBAND – WIFE – FAMILIES (1981)

	Mississauga	Oshawa	Ottawa	Toronto
Husband only works	32.9%	40.3%	29.2%	28.9%
Husband and wife work	58.5%	45.5%	48.3%	52.2%

EXHIBIT 17

INCOME DISTRIBUTION
— 1980 HOUSEHOLD INCOME
TORONTO
OTTAWA
OSHAWA
MISSISSAUGA
0
20
40
60
80
100 %
$5000
5000 - 9999
10000 - 14999
15000 - 19999
20000 - 24999
25000 - 34999
$35000+

EXHIBIT VII

TOTAL DWELLINGS 1971-1981

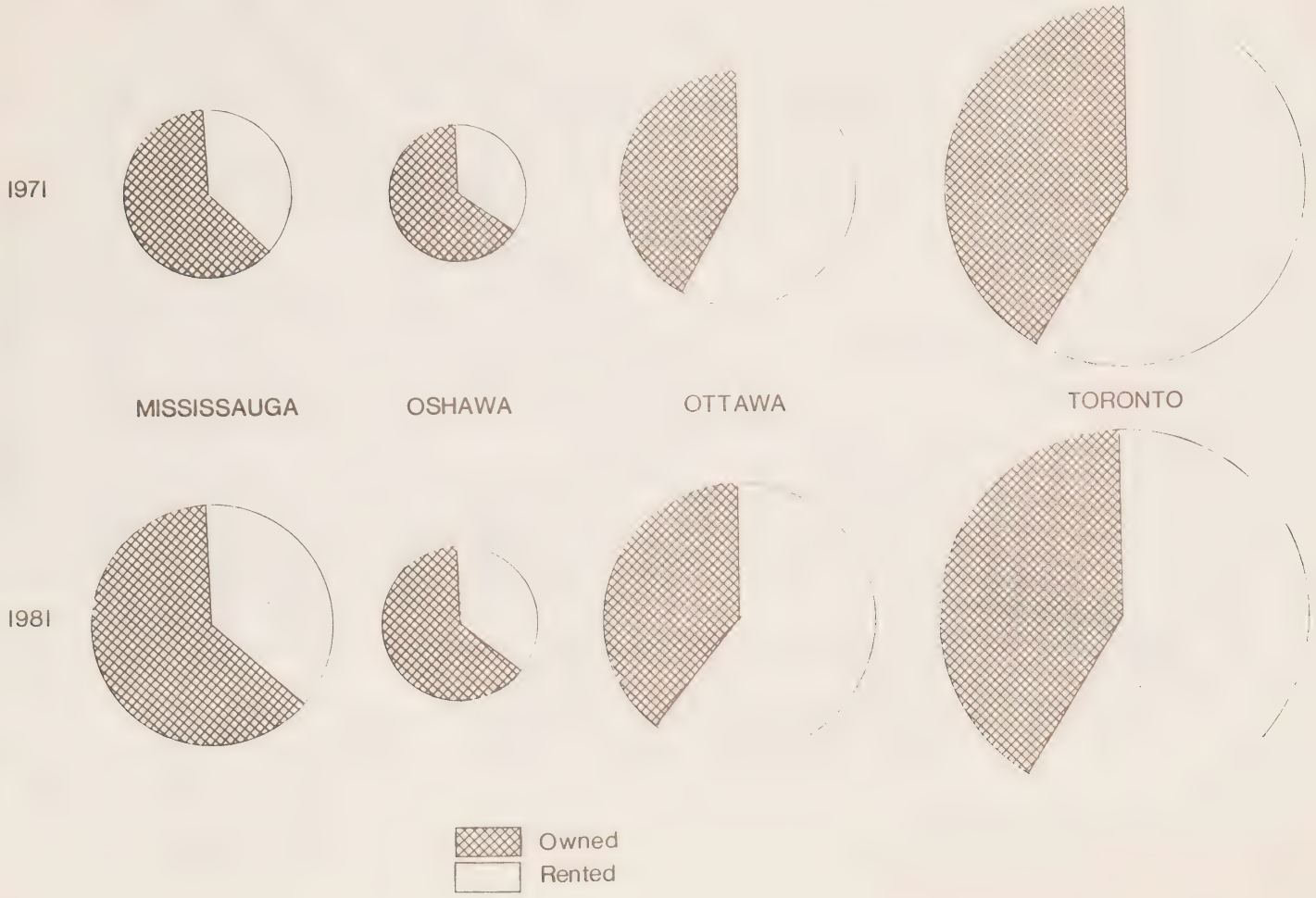


EXHIBIT VIII - A

Mississauga - Growth in # Apts Vs Total Dwelling Units (1971-1981) And Rented Units

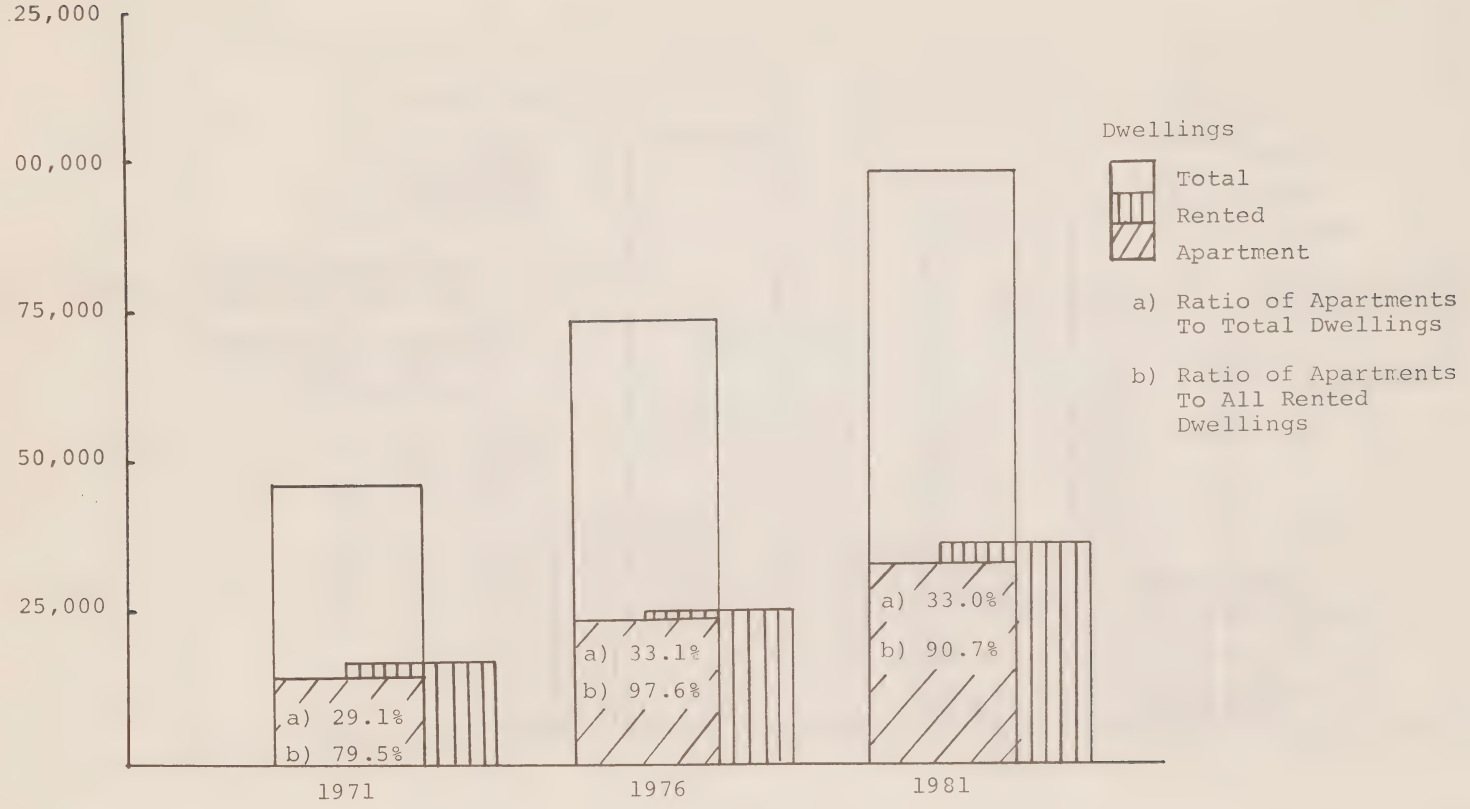


EXHIBIT VIII - B

Oshawa - Growth In # Apts Vs Total Dwelling Units (1971-1981) And Rented Units

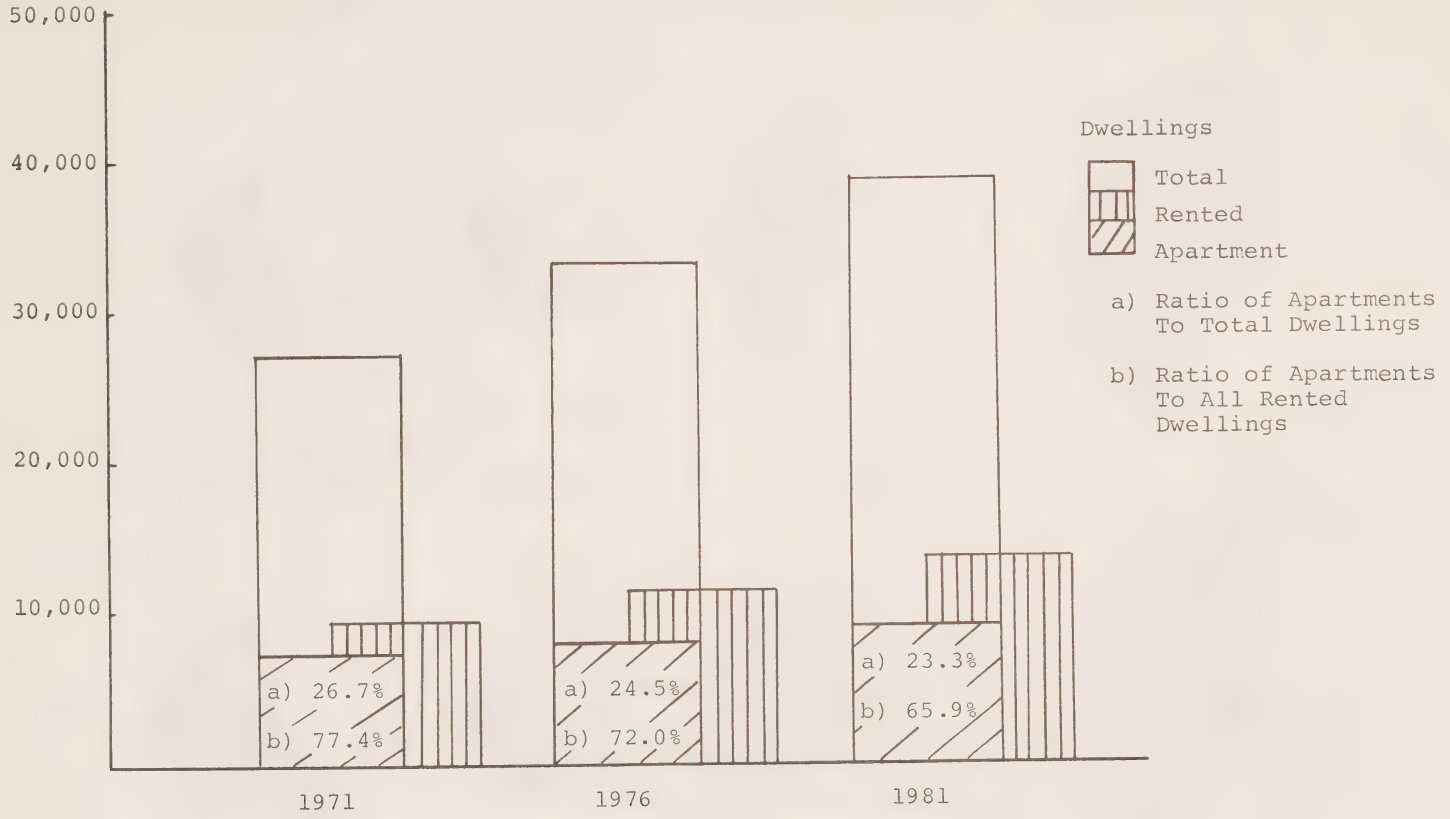


EXHIBIT VIII - C

Ottawa - Growth in # Apts Vs Total Dwelling Units (1971-1981) And Rented Units

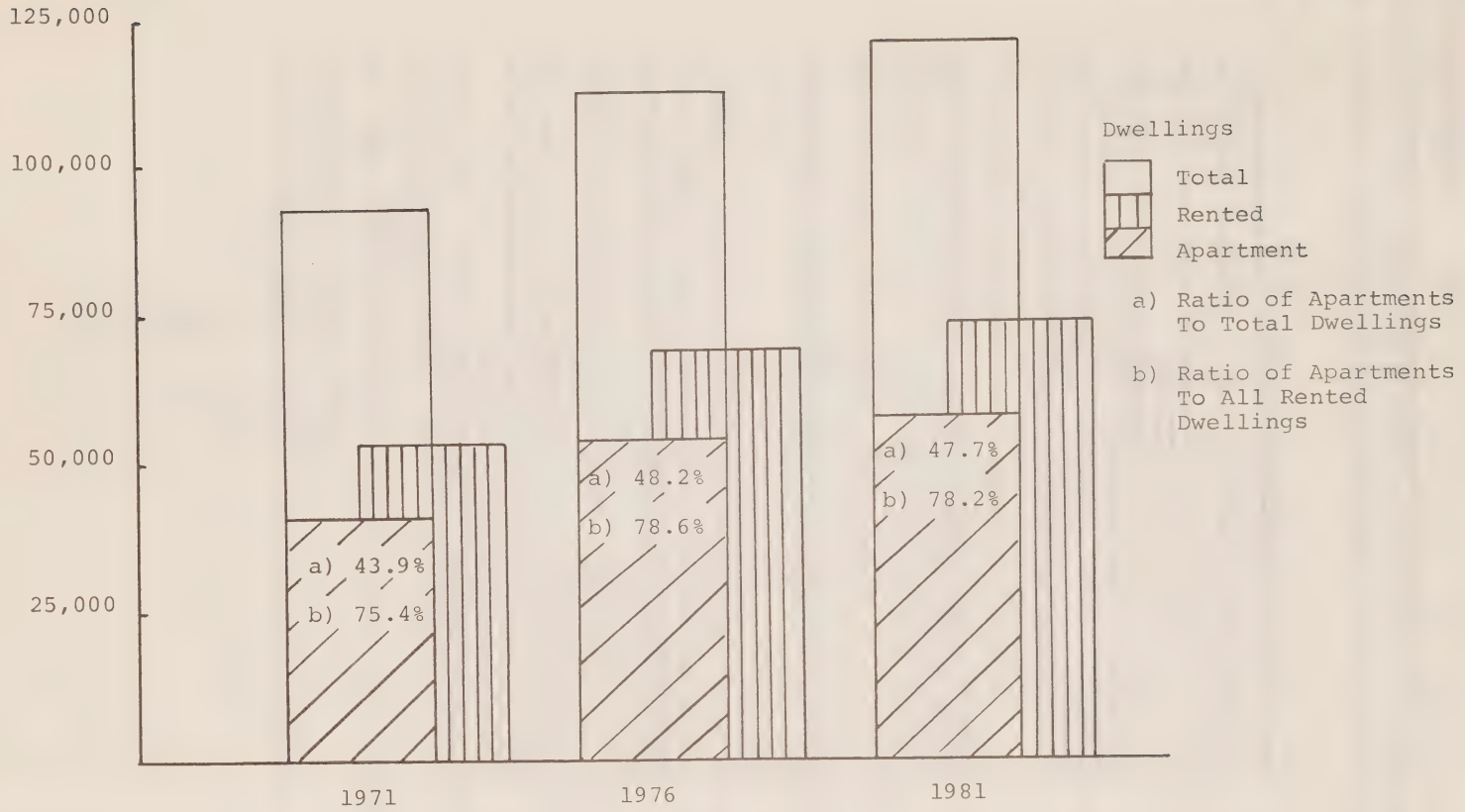
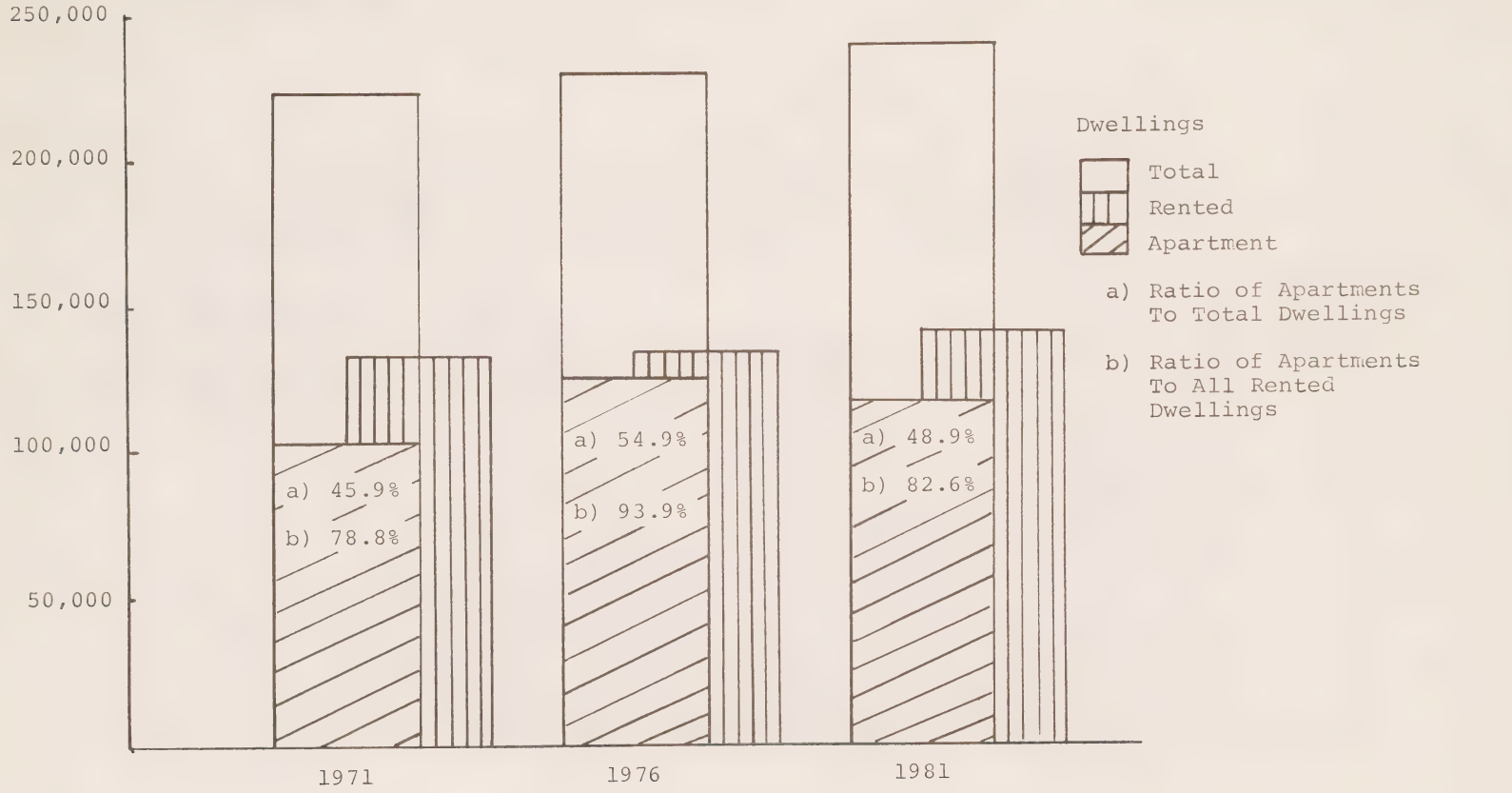


EXHIBIT VIII - D

Toronto - Growth in # Apts Vs Total Dwelling Units (1971-1981 And Rented Units



APPENDIX III

Corporate Income Taxes

The following is a brief summary of changes in income tax and other legislative changes affecting rental properties and developments during the period covered by the study.

Date	Nature of Amendment
1972	Rental losses created by capital cost allowance (CCA) claims may not be used to reduce non-rental income.
	Introduction of tax on capital gains.
	Requirement to have separate CCA class for each rental property in excess of $50,000, which forces realization of recaptured CCA.
1974	MURB concept introduced but due to expire at end of 1979.
	Land developers and subdividers may no longer write off carrying charges on vacant land (interest + property taxes). RHOSP introduced.
1978	Restriction above related to vacant land removed.
1980	MURB concept reintroduced on October 28, 1980, due to expire December 31, 1981.
	Concept of "Specified Investment Business" introduced. Denies availability of small business deduction to companies with fewer than six employees if the principle purpose of the business is to earn income from rentals.
1981	MURB concept expires December 31, 1981.
	Half-year CCA rule effective for acquisitions after November 12, 1981 for non-MURBS and after 1981 for MURBS.
	Capital gains reserves, restricted to a five year deferral period for dispositions after November 12, 1981.
1982	Soft costs no longer deductible by person other than principal business corporation.
	Terminal losses no longer deductible if a capital gain is realized on land.

APPENDIX III

Ontario Sales Tax

Date	Nature of Amendment
1977	Addition of thermal insulation materials in all buildings and many other energy-conserving devices to the exemption of thermal insulation materials for existing buildings.
1978	Addition of storm doors and storm windows to the exemption for thermal insulation and energy-conservation materials; however for federal purposes they are subject to a 5% tax.
1979	Tax on rental payments is to be computed and paid when the rental payment becomes due under a lease, rather than when the payment is in fact made.
	Introduction of exemption on residential smoke alarms.
	Introduction of regulations in respect of rebates of sales tax paid for parts and materials used in the construction of a solar heating system.
1980	Introduction of a new temporary exemption for household furniture and major household appliances purchased and delivered before September 30, 1981.
1982	Exemptions from the tax on labour provided to install, adjust, repair or maintain goods with respect to the installation of fixtures and repair of property and reconditioning for resale.
1983	Introduction of temporary exemption to the purchases of new residential furniture, curtains, drapes, blinds, floor coverings and major home appliances.

APPENDIX III

Federal Sales Tax

Date	Nature of Amendment
1974	FST rate on building and construction materials reduced to 5% from 12% and 11% respectively.
1975	Removal of 5% FST on building insulation materials and double-glazed storm windows and doors.
1976	Removal of FST on a number of items that contribute directly to the development of energy sources other than fossil fuels as follows: (i) solar furnaces (ii) heating panels (iii) heat pumps.
1978	A general reduction in the FST rate from 12% to 9%.

Land Transfer Tax Act

1974	Broadening the availability of the lower rate of land transfer tax to various losses of transferee (e.g., an immigrant for permanent residence in Canada, a Canadian citizen who will be taking up permanent residence in Canada, acquiring the land as the result of a final order of foreclosure). Introduction of the Land Transfer Tax Act 1974 repealing the Land Transfer Tax Act 1970 and imposing on land transferred to persons not resident in Canada a tax of 20% of the value of the consideration. For land transferred to residents of Canada, tax is payable at 2/5 of 1% on the first $45,000 and 4/5 of 1% on the remainder.
1977	The 20% rate of land transfer tax will apply only to designated land that is not "unrestricted land".

APPENDIX III

Land Transfer Tax Act (Continued)

Date	Nature of Amendment
1977	The 20% tax on a conveyance to a transferee would apply to land that is not "unrestricted land" (i.e. land zoned for commercial or industrial use or land lawfully used and occupied for commercial, industrial or residential purposes and land not actually used as farm or agricultural land, woodlands, recreational land or as an orchard). The normal lower rate of land transfer tax (i.e. 3/10 of 1% on the first $35,000 and 6/10 of 1% on the remainder) applies to a conveyance of "unrestricted land" regardless of the residency of the transferee provided that the Minister has certified that the land is "unrestricted land".
1979	Increase in the rate of land transfer tax payable upon registration of conveyance to 2/5 of one per cent on the first $45,000 of consideration and 4/5 of one per cent on the remainder.

Land Speculation Tax Act

1974	Introduction of the Land Speculation Tax Act to help with inflationary pressures on the price of land in Ontario by imposing a special 20% tax on land profits realized after April 9, 1974 and imputable to the rise in market values after that date. Refunds of tax paid at the original higher proposed rate of 50% were permitted.
1978	The Land Speculation Tax Act was repealed cancelling the 20% tax on land profits effective October 24, 1978. In addition, any special lien in existence on designated land for tax payable with respect to dispositions that occurred before October 24, 1978, was absolutely discharged on January 1, 1979, unless notice of the special lien was registered in the proper land registry office.

Assessment Act

1981	Assessment Act amended to provide that, where residential rental premises are converted to condominiums, a reduced assessment will apply once the condominium is sold and occupied by an individual as a residence.

APPENDIX IV

Comments By Landlords, Tenants and Third Parties

Landlords

1. "99% of tenants are willing to pay higher rent and readily admit it, but they know that if they complain rent will only increase by 6%".

2. "Private industry will not build new properties while rent control is still in effect".

3. "Buildings are worth less than they should be because of rent controls".

4. "Rent controls are the same for the whole province - unfortunately rents were lower outside of Toronto when controls came into effect. Therefore rent increases are even lower, but expenses are the same no matter where you live - e.g. heating costs are higher in Northern Ontario."

5. "Rent controls should be removed from everywhere but Toronto, (politicians would lose votes if they are removed in Toronto)."

6. "If landlords can only increase rent by 6% why doesn't the same apply to other government controlled operations - utilities increase prices by more than 6%".

7. "R.O.I. is greatly diminished by rent controls."

8. "Landlords can't plan repair and maintenance programs because of inconsistent rent review decisions."

9. "Smaller landlords do their own repairs and maintenance but cannot claim for the costs. Larger landlords can because they pay an outsider to do it."

10. "Landlords are penalized for being energy conservative - if your costs decrease rents cannot increase."

11. "Cost revenue statements are hard to follow and difficult to understand."

12. "Cost revenue statement preparation requires a large amount of time involvement."

APPENDIX IV

Comments By Landlords, Tenants and Third Parties (Continued)

Landlords (Continued)

13. "The current situation prohibits sales of buildings because of the difficulties faced by purchasers in passing through financing costs - a result of the Elgie Amendment."

14. "It is unfair for the government to have picked this form of investment to control profit levels."

15. "Most owners would sell their buildings if they could because the return from a 9% or 10% mortgage is greater than what can be realized from owning."

16. "The life span attached to asset additions by rent review officers is often too long."

17. "Changes to regulations are often retroactive - this is unfair."

18. "Decisions often take up to a year from point of notice to tenants; appeals are a certainty rather than an exception causing delays of up to two years in decisions. It is then almost impossible to collect retroactive increases."

Tenants

1. "Most tenants after finding a place they can afford would have to move after the lease expired because they could not pay the large increase for the next lease - rent review protects them."

2. "Landlords have been gouging tenants for years."

APPENDIX IV

Comments By Landlords, Tenants and Third Parties (Continued)

Tenants (Continued)

3. "Rent review is guaranteed profit to landlords anyway because they can pass through their increased costs."

4. "The landlords received rent increases for capital improvements when interest rates were very high, but after interest rates had fallen rent did not come down."

5. "Landlords are not the only socially controlled group in society."

6. "Landlords do not make their profits from rent they make it from selling the property."

7. "Landlords expect tenants to pay for increased interest costs when they take large cash amounts out when they refinance the buildings."

Third Parties

1. "Rental apartments are a bad lending risk because their market value is substantially below capital cost."

2. "Since the Elgie Amendment values of apartment units have dropped from between 15% to 25%."

3. "All the big developers are trying to get out of the (residential rental) business."

4. "Rent review shifts the financial problems from one segment of society, namely tenants to another segment being landlords."

5. "Government should use the general tax base to assist tenants who cannot afford rent rather than requiring landlords to shoulder the financial burden."

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